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Farm Safety Net Provisions in a 2013 Farm Bill: S. 954 and H.R. 2642

Updated October 21, 2013

Congressional Research Service
https://crsreports.congress.gov
R42759

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

The farm commodity provisions of the Food, Conservation, and Energy Act of 2008, as amended (P.L. 110-246, the 2008 farm bill) expire with the 2013 crop year. Consequently, the 113th Congress has been considering an omnibus farm bill that would establish the direction of agricultural policy for the next five years. On June 10, 2013, the Senate approved its version of the farm bill, S. 954, the Agriculture Reform, Food and Jobs Act of 2013. The House approved a farm bill (H.R. 2642) without a nutrition title on July 11, 2013, and a nutrition title (H.R. 3102) on September 19, 2013. The House adopted a resolution (H.Res. 361) on September 28 that combined the texts of H.R. 2642 and H.R. 3102 into one bill (H.R. 2642) for purposes of resolving differences with the Senate. Conference on the two measures is pending.

Among the many provisions, both bills would reshape the structure of farm commodity support, retroactively reauthorize several disaster programs, and expand coverage under the federal crop insurance program. These three areas of federal support for farmers are often collectively called the "farm safety net." Commodity programs under the original 2008 farm bill cover only crops harvested in 2008 through 2012, and were extended for an additional crop year in the American Taxpayer Relief Act of 2012 (P.L. 112-240, the fiscal cliff bill). Unlike farm commodity programs, the federal crop insurance program, which provides subsidized insurance policies for producers, is permanently authorized under the Federal Crop Insurance Act of 1980. Five disaster assistance programs under the 2008 farm bill expired on September 30, 2011, and under the farm bill extension, Congress provided authority to appropriate funds (but no actual funding) for three livestock programs and a tree assistance program.

Under both S. 954 and H.R. 2642, farm support for traditional program crops is restructured by eliminating direct payments. Direct payments—made to producers and landowners based on historical production and fixed payment rates for corn, wheat, soybeans, cotton, rice, peanuts, and other "covered" crops—have accounted for most farm program spending in recent years. As under current law, both bills authorize farm programs (with new program names) that would make payments when crop prices (or revenue) fall below a reference price (or historical average revenue). Authority is continued for marketing assistance loans, which provide additional low-price protection at "loan rates" specified in current law (with an adjustment made to cotton). The Senate bill covers only crop years 2014-2018, and it *suspends* permanent price support authority under the Agricultural Adjustment Act of 1938 and Agricultural Adjustment Act of 1949 until program authority in S. 954 expires in 2018. In contrast, the House bill covers crop year 2014 and each succeeding crop year (i.e., no program expiration date) and *repeals* permanent law.

In both bills, approximately three-fourths of the 10-year, $46 billion-$47 billion in savings (as estimated by the Congressional Budget Office) associated with the proposed elimination of current farm programs would be used to offset the cost of revising farm programs (Title I), enhancing crop insurance (Title XI), and retroactively reauthorizing four disaster programs (beginning FY2012). The two bills provide programs for covered crops, except cotton, which would have its own program (a crop insurance product called Stacked Income Protection Plan or STAX). Proponents of farm programs and federal crop insurance are attempting to address the issue of "shallow losses"—crop losses not covered currently by crop insurance—as well as provide disaster assistance for livestock producers. Critics contend that the proposals contain overly generous farm and crop insurance subsidies and shift additional commodity market risk to the federal government.

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Introduction

The farm commodity provisions of the Food, Conservation, and Energy Act of 2008, as amended (P.L. 110-246, the 2008 farm bill) expire with the 2013 crop year. Consequently, the 113th Congress has been considering an omnibus farm bill that would establish the direction of agricultural policy. On May 14, 2013, the Senate Agriculture Committee reported its version of the bill (S. 954, the Agriculture Reform, Food and Jobs Act of 2013), which was approved by the full Senate on June 10, 2013 (vote of 66-27). On May 15, 2013, the House Agriculture Committee completed markup of its version of the bill (H.R. 1947, the Federal Agriculture Reform and Risk Management Act of 2013), and floor action began in mid-June. However, on June 20, the full House voted to reject the bill (vote of 195-234). On July 11, the full House approved a revised bill, H.R. 2642, which excluded a nutrition title, and on September 19 approved a nutrition title (H.R. 3102). The House adopted a resolution (H.Res. 361) on September 28 that combined the texts of H.R. 2642 and H.R. 3102 into one bill (H.R. 2642) for purposes of resolving differences with the Senate. Conference on the two measures is pending.

This report compares the so-called "farm safety net" provisions in the two bills. The broader farming community uses the term farm safety net to refer to the combination of (1) farm commodity price and income support programs in the 2008 farm bill, (2) federal crop insurance (permanently authorized) under the Federal Crop Insurance Act of 1980 as amended, and (3) five disaster assistance programs in the 2008 farm bill, which are currently unfunded. Title I of both versions of the 2013 farm bill contains commodity and disaster program provisions, and modifications to the current crop insurance program are in Title XI of the Senate bill and Title X of the House bill. Both bills would reshape the structure of farm commodity support, reauthorize several disaster programs, and expand crop insurance coverage.

Overview

Current farm support for traditional program crops includes direct payments, the counter-cyclical price (CCP) program, and the Average Crop Revenue Election (ACRE) program.

- Direct payments—made to producers and landowners based on historical production and fixed payment rates for corn, wheat, soybeans, cotton, rice, peanuts, and other "covered" crops—have accounted for most farm program spending in recent years.
- CCP payments are made when crop prices fall below a "target price" (minus the direct rate). Alternatively, producers may select ACRE, which makes payments when crop revenue drops below a guarantee based on historical revenue.
- Marketing assistance loans provide additional low-price protection at "loan rates" specified in current law.[1]

Under both the Senate-passed (S. 954) and House-passed (H.R. 2642) 2013 farm bills, direct payments are eliminated and programs are authorized to replace CCP and ACRE with conceptually similar programs with new names, payment triggers, and payment formulas. In both bills, approximately three-fourths of the 10-year, $46 billion-$47 billion in savings (as estimated by the Congressional Budget Office) associated with the proposed elimination of current farm programs would be used to offset the cost of updating farm programs (Title I), enhancing crop

[1] For additional background on current programs and issues shaping the farm bill debate, see CRS Report R42040, *Farm Safety Net Proposals in the 112th Congress*.

insurance (Title XI), and retroactively reauthorizing four disaster programs (beginning FY2012). The two titles account for a combined $12.4 billion savings over 10 years in the Senate bill (of $17.9 billion in total savings across all titles) and $9.8 billion in the House bill (of $39.0 billion). These titles address the issue of "shallow losses" (losses incurred by crop producers that are not covered currently by crop insurance) and provide disaster assistance for livestock producers.

Figure 1 summarizes major provisions in the commodity and crop insurance titles of the two bills. **Table 1** lists selected provisions and identifies issues for conference committee consideration. A comprehensive, section-by-section comparison of all titles in the two bills is in CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law*.

Proposed Farm Commodity Program Revisions

Both S. 954 and H.R. 2642 would eliminate direct payments. Direct payments account for most of current commodity spending and are made to producers and landowners based on historical production of farm program crops. Both bills also borrow conceptually from current farm commodity programs by updating price and/or revenue programs designed to enhance risk protection for producers of "covered" crops. Importantly, the Senate bill covers only crop years 2014-2018. It also *suspends* permanent price support authority under the Agricultural Adjustment Act of 1938 and Agricultural Adjustment Act of 1949, which would increase price supports well above current market levels and create substantial government outlays. This provision is designed to motivate Congress to reexamine agricultural and related policy (not just farm programs) when program authority in S. 954 expires in 2018. In contrast, the House bill covers crop year 2014 and each succeeding crop year (i.e., no program expiration date) and *repeals* permanent law. Proponents expect this approach to better protect beneficiaries of farm programs in the long run.

Covered commodities are wheat, oats, barley, corn, grain sorghum, long grain rice, medium grain rice, pulse crops (dry peas, lentils, small chickpeas, and large chickpeas), soybeans, other oilseeds, and peanuts. In response to a World Trade Organization case brought against the United State by Brazil, cotton is not included as a program commodity; instead it is covered by a new insurance product (see "Stacked Income Protection Plan (STAX)"). For farm programs, producers do not pay any fees or premiums for participating, unlike the federal crop insurance program, which offers subsidized policies to producers of a wide variety of crops.

Under both the Senate-passed (S. 954) and House-passed (H.R. 2642) 2013 farm bills, farm support for traditional program crops is restructured by eliminating direct payments,[2] the counter-cyclical price (CCP) program, and the Average Crop Revenue Election (ACRE) program. Authority is continued for marketing assistance loans, which provide additional low-price protection at "loan rates" specified in current law (with an adjustment made to the cotton loan rate). A brief summary of the major commodity provisions is provided below. For details on all sections in Title I (except dairy and sugar provisions), see **Appendix A**.

[2] In the House bill, direct payments continue at a reduced level for cotton in crop years 2014 and 2015.

Figure 1. Selected Provisions from Title I (Commodity Programs) and Title X (Crop Insurance) in H.R. 2642 and Title XI (Crop Insurance) in S. 954

Both H.R. 2642 and S. 954 would eliminate fixed Direct Payments and revise/rename programs for Counter-Cyclical Payments (target prices) and Average Crop Revenue Election (ACRE). Both also would eliminate current dairy programs (except marketing orders and import quotas) and replace with new margin program (S. 954 also includes a stabilization program). Both reauthorize the sugar program.

Commodity Programs	**Marketing Assistance Loan Program**	Continue interim financing and minimum prices for program crop producers with no change in loan rates, except cotton, which can decline to $0.47/lb (House) or $0.45/lb (Senate).
	Price-based and Revenue-based payment programs: **H.R. 2642 (1) Price Loss Coverage (PLC) (2) Revenue Loss Coverage (RLC)** Authority has no expiration date and permanent law is repealed	Retains producer choice between a counter-cyclical price program (Price Loss Coverage or PLC) and a revenue-based program (Revenue Loss Coverage or RLC). PLC makes a farm payment on 85% of planted acreage when the actual farm price is below a crop's reference price (previously "target" price), which are set in statute and at levels higher than in 2008 farm bill. As an alternative to PLC, RLC makes payments when actual countywide crop revenue is below 85% of historical revenue (i.e., the producer absorbs the first 15% of the shortfall). The government then pays for the next 10% of the loss. Remaining losses are backstopped by crop insurance if purchased by the producer. Reference prices are used as minimums in revenue guarantee.
	S. 954 (1) Adverse Market Payments (AMP) (2) Ag Risk Coverage (ARC) Covers crop years 2014-2018 and permanent law is suspended	Similar to House bill except producers access both the price-based program (AMP) and revenue-based program (ARC). Also, reference prices are 55% times historical prices (rolling average), except for rice and peanuts which are fixed, and payments are made on 85% of historical acreage (not current-year plantings). ARC has a higher revenue guarantee than RLC (88% instead of 85% above), plus offers producers an option to select coverage at either the county or individual farm level (to cover localized losses).
	Covered commodities	Both bills cover wheat, corn, grain sorghum, barley, oats, long grain rice, medium grain rice, pulse crops (dry peas, lentils, small chickpeas, and large chickpeas), soybeans, other oilseeds, and peanuts. Upland cotton is not included (see STAX below).
	Payment & income limits	Payment cap is changed from current level of $105,000 per person to $50,000 for price/revenue payments plus $75,000 for marketing loan gains. Adj. gross income limit is reduced from current combined farm/nonfarm limit of $1.25 million to $950,000 in H.R. 2642 and $750,000 in S. 954. The House bill caps overall farm program spending at $16.96 billion for FY2014-FY2020.
Crop Insurance	**Supplemental Coverage Option (SCO)**	Under both bills, SCO is made available to crop producers as an additional policy to cover part of the deductible on the underlying policy. SCO is an area-wide (county) yield or revenue loss policy, and indemnity is paid on area losses not to exceed the deductible percentage (e.g., 25%) selected by the producer in the underlying individual policy. Premium subsidized at 65%.
	Stacked Income Protection (STAX) for upland cotton	STAX is made available in both bills to upland cotton producers as a revenue-based, area-wide policy that may be purchased as a stand-alone policy or purchased as an additional policy. Indemnifies losses in county revenue of greater than 10% of expected revenue but not more than the deductible level (e.g., 25%) in the underlying individual policy (or not more than 30% if used as stand-alone policy). Premium subsidy is 80%. No minimum guarantee price is specified.
	Other Crop Insurance Changes	Both bills mandate revenue insurance for peanuts and research on whole farm insurance with a guarantee of 85% of gross farm revenue (up from current 80%). Require savings under renegotiation of Standard Reinsurance Agreement to be reinvested in the program. S. 954 reduces premium subsidies by 15 percentage points for farmers with adj. gross income above $750,000.
Sugar, Dairy, & Disaster	**Sugar Program**	Both bills continue sugar program, including nonrecourse loans (price guarantee for refined beet sugar/raw cane sugar) and marketing allotments (limits on sales of domestically produced sugar).
	Dairy Programs	Both bills replace current dairy programs with a new Dairy Margin Protection Program, which makes payments to participating producers when the national margin (farm milk price minus feed costs) drops below $4 per hundredweight, with coverage at higher margins available for purchase. In Senate bill only, participating producers would be subject to a new Dairy Market Stabilization Program that reduces incentives to produce when margins are low. During program activation, producers keep between 96% and 98% of their individual market revenue if production exceeds a portion of farm base, with the balance used by USDA to purchase dairy products for donating/expanding demand.
	Disaster Programs	Both bills retroactively reauthorize and fund four expired disaster programs for FY2012-FY2018 in S. 954 and FY2012 with no expiration date in the H.R. 2642: Livestock Indemnity Program (LIP); Livestock Forage Program (LFP); Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); and Tree Assistance Program (TAP). Not reauthorized for crops: Supplemental Revenue Assistance Payments (SURE).

Source: CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law.*

Table 1. Selected Provisions in 2013 Farm Bill Proposals: Titles I and XI

(selected differences are in italics)

H.R. 2642	S. 954	Comments
Title I – Commodity Programs		
Eliminates "direct payments" for program crops, e.g., corn, wheat, soybeans, rice, cotton, peanuts.	Same as House bill.	Outlays reduced by $46+ bil. over 10 years. About 75% of savings is spent on new farm programs and crop insurance enhancements.
Establishes revised price and revenue programs: *1) Price Loss Coverage (PLC)* *2) Revenue Loss Coverage (RLC)* *Fixed reference prices are used to calculate payments when crop price (PLC) or revenue (RLC) is low.* *Paid on planted acreage so payments align with farm risk.*	*Same concept as House bill with different names and parameters:* *1) Adverse Market Payments (AMP)* *2) Ag Risk Coverage (ARC)* *Rather than fixed price levels, reference prices equal 55% of historical levels for most crops (fixed for rice and peanuts).* *AMP paid on historical acreage ("base") so it doesn't create planting incentives.*	*Farm advocates want to reduce farm risk while critics say programs remove too much risk, 10-year cost is high (H: $23 bil, S: $27 bil.), and support farmers who don't need it.* *House bill advocates say that PLC and higher reference prices better protect all parts of country from low prices over multiple years.* *Senate bill advocates say their bill is more market-oriented and makes U.S. less susceptible to WTO challenge (not tied to current plantings).*
Payment limit per-person equals $50,000 for PLC/RLC and adj. gross income (AGI) eligibility limit is $950,000. Double amts. w/spouse.	*Same except AGI eligibility limit is $750,000 per person.*	*Limits are generally tighter than current law but program eligibility may be restored for farmers with relatively high nonfarm income.*
Disaster programs retroactively reauthorized for livestock and fruit tree producers.	Similar to House bill.	Disaster provisions garner widespread support because livestock producers are generally not covered by crop insurance.
Repeals "permanent law" from 1938 & 1949 (outdated price supports). No expiration date for new farm program authority.	*Suspends "permanent law." Establishes AMP/ARC authority for 2014-2018 crop years only.*	*Advocates of repealing permanent law expect the new farm law to better protect beneficiaries in the long run; others want it retained to motivate periodic review of all farm bill titles.*
Title XI – Crop Insurance		
Supplemental Coverage Option (SCO) is established as add-on crop insurance policy to cover part of the deductible on a farmer's original policy. SCO premium subsidized at 65% of cost. Policy indemnifies if county loss is greater than 10%. Bill has numerous other provisions to enhance crop insurance.	Similar to House bill.	The Federal Crop Insurance Program is permanently authorized. Government subsidizes premiums (avg. = 63%) and pays all delivery costs. Total crop insurance enhancements are $8.9 bil. in House bill $5 bil. in Senate bill over 10 yrs. In general, crop insurance advocates argue farmers have "skin in the game" while critics want farmers to pay a greater share of the costs.
Stacked Income Protection (STAX) replaces farm programs for upland cotton. STAX is a stand-alone policy (or add-on) that indemnifies county-wide losses above 10%.	Same as House bill.	Government subsidy =80%. Cost is $3.7 billion over 10 years. STAX is designed to address WTO cotton case (challenge by Brazil) by replacing current programs.
No income eligibility limits for crop insurance or subsidy caps. (Note: H.Res. 379 supports Senate provision.)	*Reduces premium subsidies by 15 percentage points for farmers with adjusted gross income above $750,000.*	*Crop insurance supporters argue that limits/caps could reduce program participation and drive up cost of insurance for others. Critics cite equity issues and consistency with social programs.*
No "conservation compliance" required for crop insurance.	*Title II extends conservation compliance to crop insurance (farmers ineligible for crop insurance subsidies if they do not comply with conservation requirements on highly erodible land or wetlands).*	*Some feel conservation compliance should be extended to crop insurance to protect soil; others say it adds unnecessary regulation. The current compliance requirement for farm program eligibility would continue under both bills.*

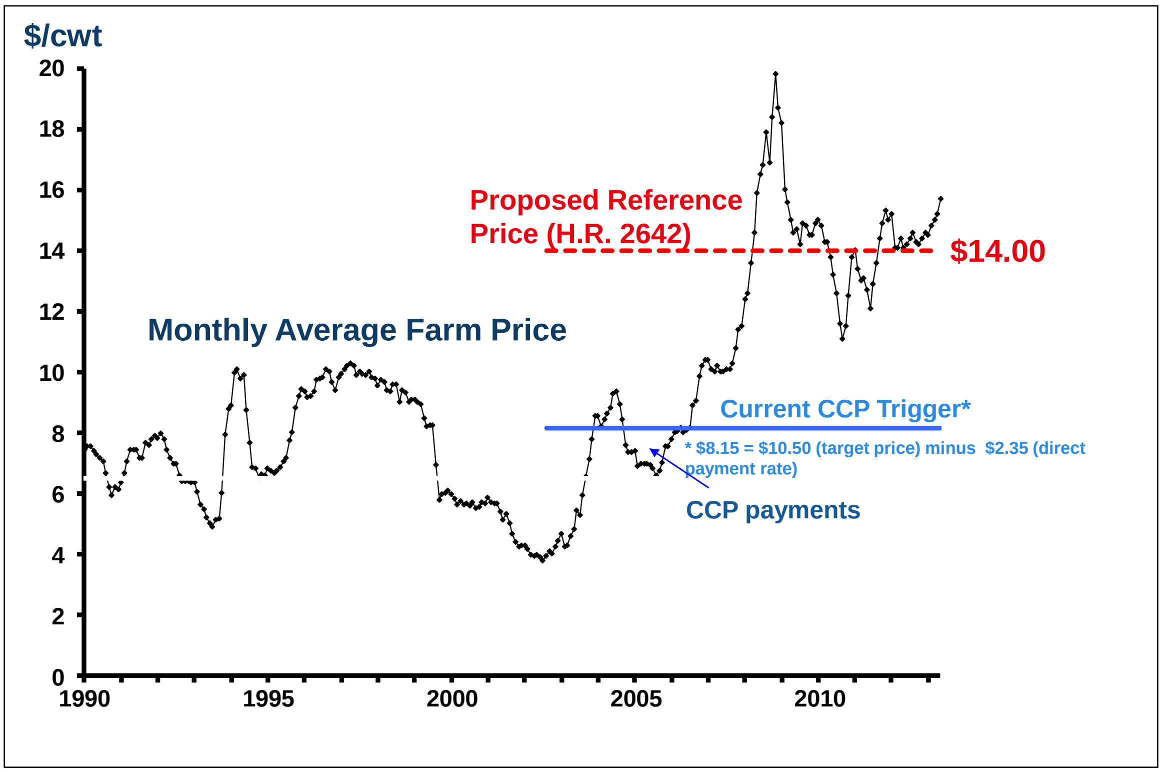
Source: CRS, except budget savings estimates which are from the Congressional Budget Office (CBO).

Both Bills Retain a Counter-Cyclical Price Program

A counter-cyclical price program makes a farm payment when prices for covered crops decline below certain levels**.** The counter-cyclical price (CCP) program from the 2008 farm bill is replaced by Adverse Market Payments or AMP in S. 954 and Price Loss Coverage or PLC in H.R. 2642. To better protect producers in a market downturn, the price guarantees (called "reference prices" in both bills) that determine payment levels are set in statute and increased relative to current "target prices." A broad exception applies in S. 954 to the reference price for crops other than rice and peanuts, where it is calculated as 55% of a rolling five-year average (excluding the high and low years). For an example of higher price parameters, see **Figure 2**.

Figure 2. Counter-Cyclical Price (CCP) Program Example: Rice

(H.R. 2642 would increase price protection for producers via a new reference price)



Source: CRS, using USDA/NASS historical price data.

Notes: Monthly price shown to illustrate price variability. CCP payments are calculated using the season-average farm price (not monthly prices).

The payment rate is the difference between the reference price and the national farm price[3] or loan rate, if higher. S. 954 continues current policy by making payments on 85% of *historical plantings* (or "base acres"), a provision designed to minimize the program's effect on planting decisions. In contrast, the House bill pays on 85% of *planted acreage* to better align payments with producer risk. Also, to better protect producers in a price downturn, under the House bill, producers may update payment yields (average yield per planted acre during 2008-2012,

3 Market price is national midseason price (5-month average) in the House bill and 12-month average in the Senate bill.

excluding high and low, times 90%). Under the Senate bill, yield updating is available only for rice and peanuts, based on yields from 2009 to 2012.

During the farm bill debate in recent years, including development of farm bill proposals in the 112th Congress, commodity groups representing rice and peanut producers have led efforts to retain a reference price option as part of the overall farm program because they prefer price protection by establishing statutory minimum price support rather than revenue protection (based on historical prices) that can decline over time and erode the safety net.[4] During committee mark-up of S. 954, an amendment to eliminate AMP for crops other than rice and peanuts failed.

Both Bills Retain a Revenue-Based Program

A revenue-based program is designed to cover a portion of a farmer's out-of-pocket revenue loss (referred to as "shallow loss") relative to an annual crop revenue guarantee based on historical farm prices and yields. The revenue-based program in the 2008 farm bill, Average Crop Revenue Election (ACRE),[5] is eliminated and replaced by Agriculture Risk Coverage (ARC) in S. 954 and Revenue Loss Coverage or (RLC) H.R. 2642. Payments are made on planted acres when actual crop revenue drops below a specified percentage of historical or "benchmark" revenue (88% in S. 954 and 85% in H.R. 2642). The producer absorbs the first portion of the shortfall (12% in S. 954 and 15% in H.R. 2642). The government absorbs the next 10% of revenue shortfall because the per-acre payment rate is capped at 10% of benchmark revenue. Remaining losses are backstopped by crop insurance if purchased at sufficient coverage levels by the producer.

In the Senate bill under ARC, farmers can select coverage at either the county or individual farm level (to cover more localized losses), and any payments are made in addition to AMP. In the House bill, coverage under RLC is available at only the county level,[6] and the program is not available in combination with PLC. For both bills, payments would be in addition to any crop insurance indemnities.

A major distinction between these revenue-based farm programs and producer-purchased crop insurance is that the price component farm program guarantee is based on deviations from five-year historical crop prices (subject to reference prices used in the PLC program, which serve as minimums), while crop insurance is based on expected market prices for the upcoming season. Consequently, revenue-based farm programs can provide a revenue guarantee that is higher than what might be available through crop insurance if historical prices are high relative to expected market prices.

See **Figure 3** and **Figure 4** for a conceptual illustration and hypothetical example of the ARC program.

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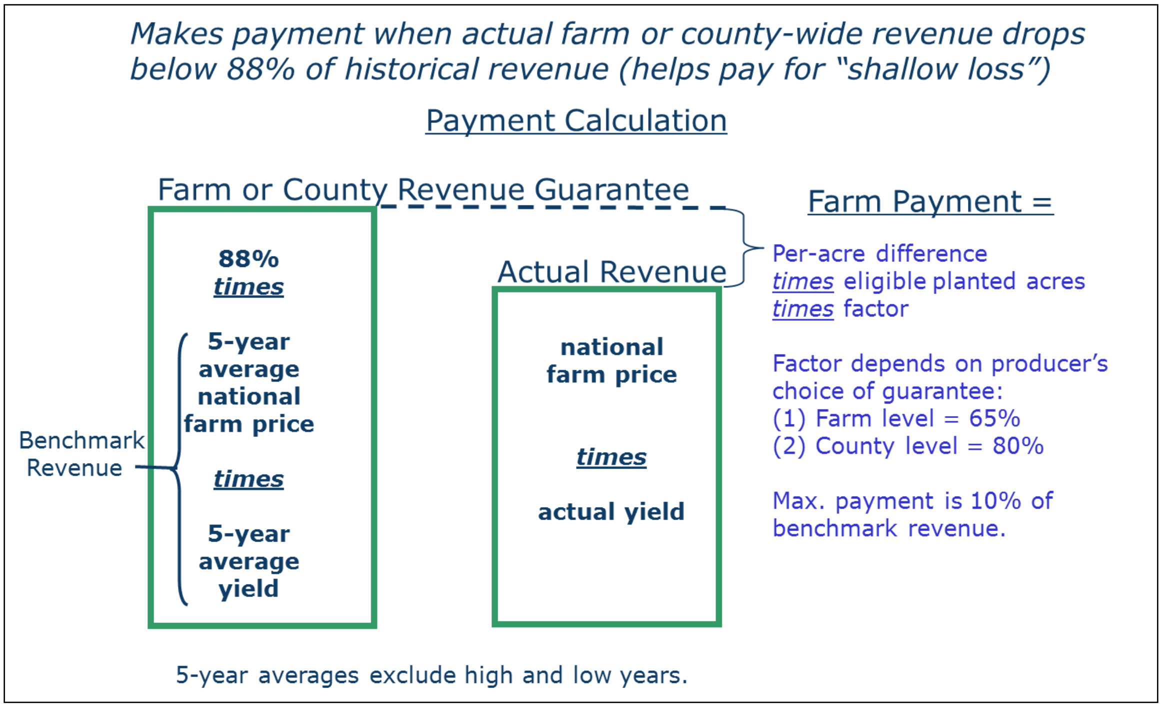
[4] In contrast to S. 954, the 2012 Senate-passed farm bill (S. 3240) provided for only a revenue-based program and did not provide for a counter-cyclical price program. For details of the 2012 farm bill proposals, see CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee's H.R. 6083 with Current Law*.

[5] Producers choose between CCP (price-based) or ACRE (revenue-based).

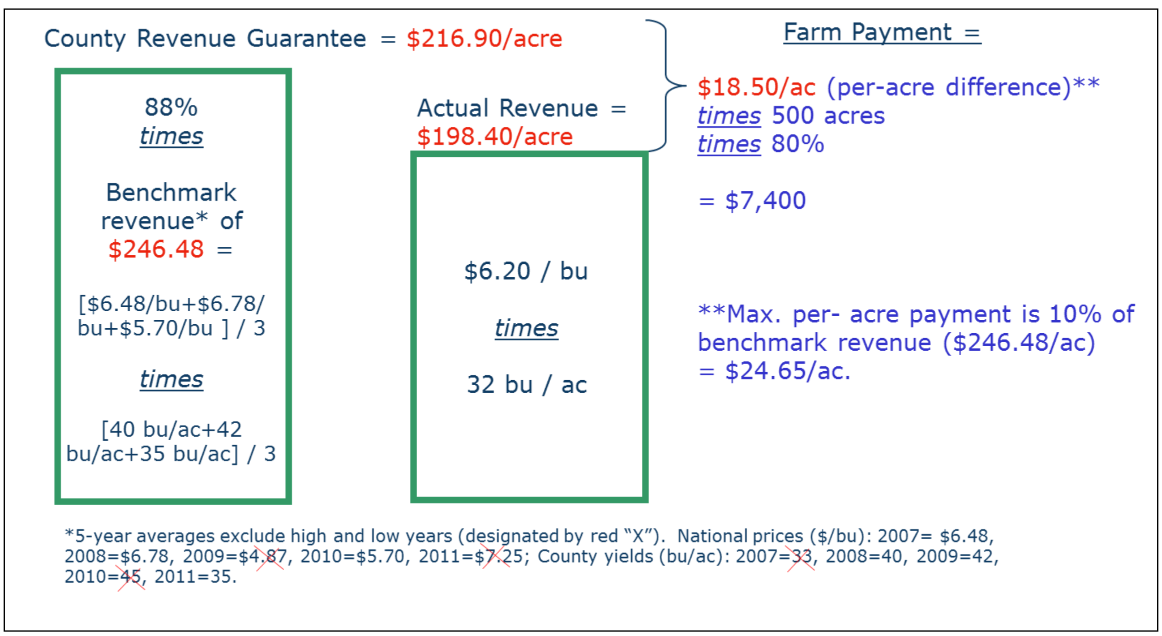
[6] The RLC guarantee is based on county yields, possibly making local farm losses more likely to be covered than under the current Average Crop Revenue Election (ACRE) program under the 2008 farm bill. ACRE is state-based and can therefore trigger payments less frequently (large losses in one part of the state can be offset by gains in another part).

Figure 3. Agriculture Risk Coverage (ARC)



Source: CRS, hypothetical example.

Figure 4. ARC Payment Under County Option: Kansas Wheat Example



Source: CRS, hypothetical example.

Crop Insurance Enhancements

The federal crop insurance program makes available subsidized crop insurance to producers who purchase a policy to protect against individual farm losses in yield, crop revenue, or whole farm revenue. More than 100 crops are insurable. The program is permanently authorized by the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) but is often modified in farm bills.

In contrast to farm programs in Title I, where spending is reduced substantially, both versions of the farm bill increase funding for crop insurance (Title XI) relative to baseline levels. Crop insurance baseline funding (budget authority) for FY2014-FY2023 is estimated by CBO at $84.1 billion.[7] H.R. 2642 would increase spending by $8.9 billion over the period and S. 954 would increase spending by $5.0 billion, according to CBO projections. Two new insurance products—Supplemental Coverage Option (SCO) and the Stacked Income Protection Plan (STAX) for cotton—account for most of the additional cost. (The CBO score for each major provision appears in **Table 3**, below.)

Many provisions of the crop insurance title are very similar in both bills. A major exception is a provision in S. 954, which was adopted as a floor amendment by a vote of 59-33, that reduces crop insurance premium subsidies by 15 percentage points for producers with average adjusted gross income greater than $750,000.[8]

Also in Senate floor action, an amendment to provide mandatory funding of $5 million to maintain crop insurance program integrity was adopted without dissent, 94-0, and an amendment to eliminate premium subsidies for tobacco crop insurance was defeated (44-72).

For details on all sections of the crop insurance title, see **Appendix B**.

Supplemental Coverage Option (SCO)

Under both bills, a new crop insurance policy is authorized to address the issue of "shallow losses," or losses incurred by producers but not covered currently by crop insurance. The Supplemental Coverage Option (SCO) would be available for purchase by crop producers as an additional policy to cover part of the deductible under the producer's underlying policy. SCO is an area-wide (e.g., county) yield or revenue loss policy, whereby an indemnity is paid on area losses between 10% and the deductible level (e.g., 25%) selected by the producer within the underlying individual policy. SCO policies would be made available for all crops (not just program crops) if sufficient data are available. Premium is subsidized at 65%. Coverage would begin no later than the 2014 crop year. If the farmer participates in ARC under Title I of the Senate bill, a 10% deductible under SCO is increased to 22%. In the House bill, acres covered by RLC are not eligible for SCO (i.e., producers of crops other than cotton, which would be covered by STAX, cannot select RLC *and* purchase an SCO policy).

Figure 5 illustrates how crop insurance and farm programs would interact under each bill. The bar on the left depicts the expected revenue (prior to planting) under a typical crop insurance revenue policy with a 30% deductible (the farmer absorbs the first 30% of the loss). Under the House committee bill and assuming the farmer selects the PLC option, an SCO policy can be

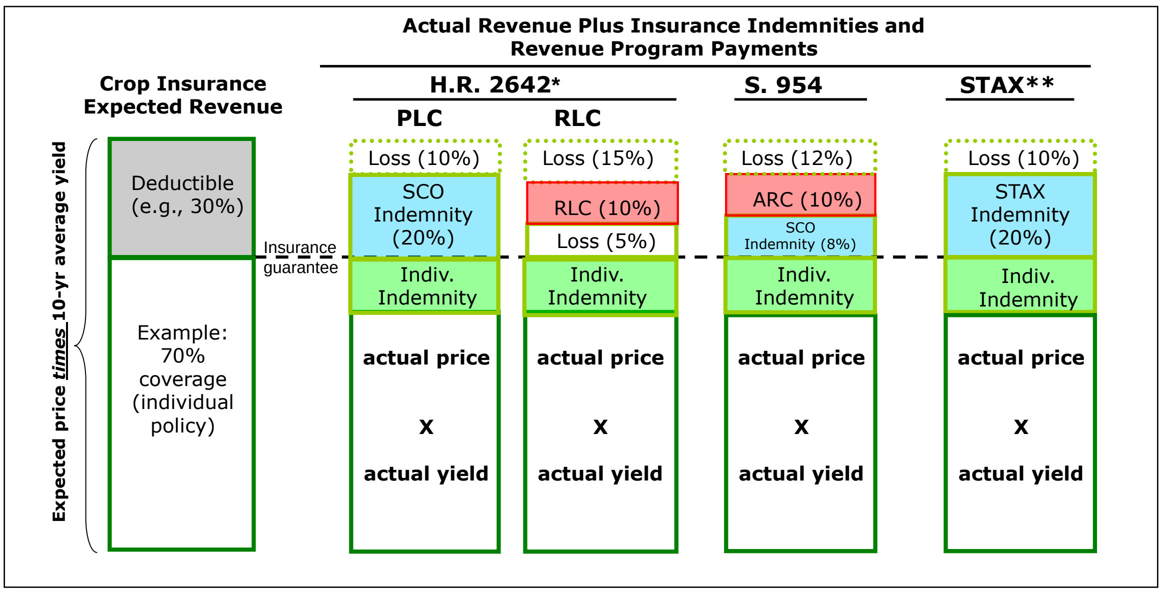
[7] Based on CBO's May 2013 baseline assuming an extension of current law.

[8] The average government subsidy for crop insurance premiums was 62.8% in 2012. Prior to the House floor vote on the farm bill on June 20, 2013 (which was rejected by a vote of 195-234), the House rejected H.Amdt. 216 by a vote of 208-217. It would have limited premium subsidies to those producers with an adjusted gross income under $250,000, limited per-person premium subsidies to $50,000, and capped crop insurance providers' reimbursement of administrative and operating expenses at $900 million and reduced their rate of return to 12%.

purchased to cover part of the deductible (see PLC column). If a loss occurs on the farm, an initial indemnity is triggered under the farmer's individual crop insurance policy as depicted by the green box. A second indemnity from the SCO would be paid (depicted by the blue box) if there is also a loss at the county level. Overall, the farmer incurs a loss of approximately 10% (white box at top). A separate PLC payment would be made if the farm price is below the reference price. If a producer selects the Revenue Loss Coverage (RLC) rather than PLC (see RLC column), the acreage is not eligible for SCO and only an RLC payment (red box) would be made if triggered.

Under the Senate bill (see S. 954 column), which allows a producer to participate in both the ARC revenue program and SCO, the SCO indemnity (blue) would be smaller but would fill (potentially) the gap between the ARC payment (red) and the individual policy indemnity (green).

Figure 5. An Illustration of Crop Insurance Indemnities and Farm Revenue Program Payments Under 2013 Farm Bill Assuming Major Revenue Loss



Source: CRS.

Notes: The expected revenue for a crop insurance policy is calculated before the planting season and is based on the expected market price for that year. "Loss" is portion of total loss (relative to expected revenue) absorbed by the farmer. The average premium subsidy for crop insurance policies was 62.8% in 2012; the subsidy would be 65% for SCO and 80% for STAX. Maximum revenue program payment for RLC and ARC is 10% of benchmark revenue (red box in chart). *A separate payment is made under PLC if the farm price is below the reference price. SCO is not available if producers select RLC. **Both bills authorize STAX only for cotton.

Stacked Income Protection Plan (STAX)

Both bills would handle cotton separately from the other major program crops in an attempt to resolve Brazil's long-standing World Trade Organization (WTO) case against the U.S. cotton program.[9] In lieu of the farm revenue programs proposed in Title I, both versions of the farm bill include a new cotton program comprised of a stand-alone, county-based revenue insurance policy called the Stacked Income Protection Plan (STAX). Similar to SCO, STAX sets a revenue guarantee based on expected county revenue (but not revenue *or* yield as under SCO). Producers

[9] For more information, see CRS Report RL32571, *Brazil's WTO Case Against the U.S. Cotton Program*.

could purchase this policy in addition to their individual crop insurance policy (as done for SCO) or as a stand-alone policy.

As under SCO, the indemnity from STAX, if triggered by a revenue loss at the county level, covers part of the deductible under the individual policy. (See far right column of **Figure 5**.) Specifically, STAX would indemnify losses in county revenue of greater than 10% of expected revenue but not more than the deductible level (e.g., 25%) in the underlying individual policy (or not more than 30% if used as stand-alone policy). A payment rate multiplier of 120% is available if producers want to increase the amount of protection per acre. The farmer subsidy as a share of the policy premium is set at 80% for STAX. As with all crop insurance policies, the price guarantee is based on current market prices. In a previous farm bill proposal in 2012, specifically the 2012 House committee bill (H.R. 6083), a minimum price of $0.6861 per pound would have been used in the calculation of the insurance guarantee if it was higher than the expected market price.

Under a STAX policy setting, which has been advanced by the U.S. cotton sector, producers would forgo benefits from a revised farm program in order to comply with the WTO cotton case. In particular, STAX participants would not be eligible for benefits available to other program crops, such as ARC, yield updating, RLC, and counter-cyclical price payments with reference prices in PLC or AMP. Brazil has yet to formally sign off on STAX as a solution to the WTO cotton case. U.S.-Brazil negotiations in this case are ongoing and will likely hinge on the eventual farm bill treatment of cotton.

Crop Insurance Studies and Other Provisions

Additional crop insurance changes in both bills are designed to expand or improve crop insurance for other commodities, including specialty crops. Provisions in both bills revise the value of crop insurance for organic crops to reflect prices of organic (not conventional) crops. Separately, the bills require USDA to conduct more research on whole farm revenue insurance with higher coverage levels than currently available. Also in both bills are studies on the feasibility of insuring (1) specialty crop producers for food safety and contamination-related losses, (2) swine producers for a catastrophic disease event, (3) producers of catfish against reduction in the margin between the market prices and production costs, (4) commercial poultry production against business disruptions caused by integrator bankruptcy, (5) poultry producers for a catastrophic event, and (6) producers of biomass sorghum or sweet sorghum grown as feedstock for renewable energy. (In the Senate bill, an adopted floor amendment requires a study for alfalfa insurance.) A peanut revenue insurance product also is mandated.

Separately, a provision in S. 954 makes payments available to producers who purchase private-sector index weather insurance, which insures against specific weather events and not actual loss. A provision in H.R. 2642 requires USDA to notify the public of any planned modification to insurance policies (and provide for a comment period) during the preceding crop year.

Conservation Provisions for Crop Insurance

For conservation purposes, a provision in Title XI of S. 954 reduces crop insurance subsidies and noninsured crop disaster assistance for the first four years of planting on native sod acreage. The same provision in the House bill would apply only to the Prairie Pothole National Priority Area (i.e., portions of Iowa, Minnesota, Montana, North Dakota, and South Dakota). In Title II of the Senate-passed bill only (§2609), crop insurance premium subsidies are available only if producers are in compliance with wetland conservation requirements and conservation requirements for highly erodible land.[10] For more information on conservation compliance, see CRS Report R42459, *Conservation Compliance and U.S. Farm Policy*.

Noninsured Crop Disaster Assistance Program (NAP)

Producers who grow a crop that is currently ineligible for crop insurance may be eligible for a payment under USDA's Noninsured Crop Disaster Assistance Program (NAP). NAP has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333). To be eligible for a NAP payment, a producer first must apply for coverage under the program. Like catastrophic crop insurance, NAP applicants must also pay an administrative fee ($250 per year). In order to receive a NAP payment, a producer must experience at least a 50% crop loss caused by a natural disaster, or be prevented from planting more than 35% of intended crop acreage. For any losses in excess of the minimum loss threshold, a producer can receive 55% of the average market price for the covered commodity.

In order to improve coverage for crops covered under NAP, both bills (in Title XII of both bills) provide additional coverage at 50% to 65% of established yield and 100% of average market price. Premium for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price). In both bills, the premium for additional coverage is reduced by 50% for limited resource, beginning, and socially disadvantaged farmers. In the Senate bill only, for producers with fruit crop losses in 2012, payments associated with additional coverage are made retroactively (minus premium fees) in counties declared a disaster due to freeze or frost. The Senate bill also increases the base NAP fee and eliminates NAP for crops and grasses used for grazing to reduce overlap with livestock disaster programs in Title I.

Disaster Programs Reauthorized

Five disaster programs were established in the 2008 farm bill for weather-induced losses in FY2008-FY2011. Both 2013 farm bills retroactively reauthorize four programs covering livestock and tree assistance, specifically FY2012-FY2018 for the Senate bill and beginning FY2012 and continuing without an expiration date for the House bill. The crop disaster program from the 2008 farm bill (i.e., Supplemental Revenue Assistance, or SURE) is not reauthorized in either bill, but an element of it has been folded into the new ARC program in the Senate bill by allowing producers to protect against farm-level revenue losses (the House bill has only a county-based revenue program). S. 954 also provides disaster benefits to tree fruit producers who suffered crop losses in 2012 (see above). The following four programs would be reauthorized:

1. Livestock Indemnity Program (LIP), which would compensate ranchers for a portion of market value for livestock mortality caused by a disaster (65% in Senate bill, 75% in the House bill);
2. Livestock Forage Disaster Program (LFP), which would compensate for grazing losses due to qualifying drought conditions or fire on rangeland managed by a federal agency (both bills increase the payment amount from the 2008 farm bill in some cases);
3. Emergency Assistance for Livestock, Honeybees, and Farm-Raised Catfish (ELAP), which would provide annual funding of $15 million (Senate bill) and

[10] During House floor debate in June 2013, an amendment by Representatives Thompson (CA) and Fortenberry (NE) was withdrawn that would have required a conservation compliance plan in order to receive crop insurance premium subsidies.

$20 million (House bill) to compensate producers for disaster losses not covered under other disaster programs; and

4. Tree Assistance Program (TAP), which would provide payments to eligible orchardists and nursery growers to cover 65% of the cost of replanting trees or nursery stock (70% previously) and 50% of the cost of pruning/removal following a natural disaster (in excess of 15% mortality in both cases).

Farm Program Payment Limit Changes

Farm commodity programs have certain limits that cap payments (currently $105,000 per person) and set eligibility based on adjusted gross income (AGI, currently a maximum of $500,000 per person for nonfarm income and $750,000 for farm income). The two bills are somewhat similar and diverge from current law, with S. 954 reducing the farm program payment limit to $50,000 per person for combined AMP and ARC payments and adding a $75,000 limit on loan deficiency payments (LDPs). Under H.R. 2642, the limit for all Title I payments would be $125,000, of which LDPs would be limited to $75,000 and other payments including PLC, RLC, and transitional direct payments to $50,000. The House bill combines peanuts into the limit with other commodities, while the Senate bill continues separate but equal limits for peanuts.

Both the Senate and House bills change the threshold to be considered "actively engaged" and to qualify for payments, by effectively requiring personal labor in the farming operation.

Both bills also tighten limits on AGI, with a combined AGI limit of $750,000 in S. 954 and $950,000 in H.R. 2642. Proponents of the changes to AGI assert that the new provisions represent a tightening of the limit. However, some high-income individuals who have been disqualified under the 2008 farm bill might be restored to eligibility, primarily because the proposed combined limit in both bills is higher than the current nonfarm AGI limit.[11]

The House bill caps overall farm program spending at $16.96 billion for FY2014-FY2020 for combined payments under Price Loss Coverage and Revenue Loss Coverage (collectively called Farm Risk Management Election).

For disaster programs, S. 954 retains the combined $100,000 per person payment limit for LIP, LFP, and ELAP and retains the separate limit of $100,000 for TAP. H.R. 2642 contains a combined payment limit of $125,000 per person for LIP, LFP, and ELAP and a separate limit of $125,000 for TAP.

Dairy and Sugar

For dairy policy, both bills contain similar, significant changes, including elimination of the dairy product price support program, the Milk Income Loss Contract (MILC) program, and export subsidies. These are replaced by a new dairy margin insurance program which makes payments to participating dairy producers when the national margin (average farm price of milk minus average feed costs) falls below $4.00 per hundredweight (cwt.), with coverage at higher margins available for purchase. A provision in S. 954 makes participating producers subject to a separate program called the Dairy Market Stabilization Program, which reduces incentives to produce milk when margins are low—this provision is not present in H.R. 2642.

[11] CRS Congressional Distribution Memorandum, *Unintended Consequences of Returning to a Single AGI Limit for Farm Program Eligibility*, September 10, 2012.

In addition, H.R. 2642 requires USDA to adhere to standard rulemaking procedures and to determine the market impacts of the new program during the rulemaking process. Separately, federal milk marketing orders have permanent statutory authority and continue intact. However, S. 954 (but not H.R. 2642) includes two additional provisions: one that requires USDA to use a specified pre-hearing procedure to consider alternative formulas for Class III milk product pricing, and a second that requires USDA to analyze and report on the potential effects of replacing end-product pricing with alternative pricing procedures. For more information on dairy policy, see CRS Report R42736, *Dairy Policy Proposals in the Next Farm Bill*.

The objective and structure of the sugar program are left unchanged in both bills, but the Senate bill reauthorizes the program through the 2018 crop year, while the House bill reauthorizes the program without an expiration date. For more information, see CRS Report R42551, *Sugar Program Proposals for the Next Farm Bill.*

Cost Estimates

Funding to write the next farm bill is based on the Congressional Budget Office's (CBO's) baseline projection of the cost of mandatory farm bill programs, and on varying budgetary assumptions about whether programs will continue. The CBO baseline projection is an estimate at a particular point in time of what federal spending on mandatory programs likely would be under current law. The May 2013 CBO baseline projection is the "scoring baseline" against which S. 954 and H.R. 2642 have been measured.

According to the May 2013 baseline, expected outlays for all mandatory farm bill programs under current law are $973 billion during FY2014-FY2023 (**Table 2**). Of this amount, budget authority for farm safety net programs is $143 billion over the 10-year period, including $59 billion for commodity programs and $84 billion for crop insurance. Disaster programs do not have baseline funding, since they expired ahead of other farm support programs. From a budget perspective, programs with a continuing baseline are assumed to go on under current law. These amounts can be used to reauthorize the same programs; reallocated among these and other programs; used as savings for deficit reduction; or used as offsets to help pay for other provisions. For more information on the overall farm bill score and budget situation, see CRS Report R42484, *Budget Issues Shaping a Farm Bill in 2013*.

Table 2. Baseline for Mandatory Farm Bill Programs, FY2014-FY2023

(expected outlays in millions of dollars)

2008 Farm Bill Title and Program	5-year (FY2014-FY2018)	10-year (FY2014-FY2023)
Title I and XII – Farm Safety Net Programs	**69,480**	**142,870**
Title I – Commodity Programs	*29,888*	*58,765*
Title XII – Crop Insurance	*39,592*	*84,105*
Title II – Conservation	**28,373**	**61,567**
Title IV – Nutrition	**393,930**	**764,432**
All other titles	**2,158**	**4,036**
Total	**493,941**	**972,905**

Source: CRS analysis based on the CBO baseline (May 2013). For more information, see CRS Report R42484, *Budget Issues Shaping a Farm Bill in 2013*.

Notes: Crop insurance appears in Title XI of the 2013 Senate and House farm bills. Nutrition includes only the Supplemental Nutrition Assistance Program (SNAP) and related programs, because both House and Senate Agriculture committees have jurisdiction.

Table 3 shows the CBO scores of both versions of the farm bill, with a detailed breakout for their respective farm safety net provisions. For just the farm safety net programs, the 10-year savings amount is $12.8 billion in S. 954 and $9.6 billion in H.R. 2642. Approximately three-fourths of the 10-year, $46 billion-$47 billion in savings associated with the proposed elimination of current farm programs would be used to offset the cost of revising farm programs (Title I), enhancing crop insurance (Title XI), and retroactively reauthorizing four disaster programs (Title I). The 10-year savings from commodity programs in the House committee bill is $18.7 billion and savings in the Senate bill is $17.4 billion. In contrast to scoring savings under Title I, expenditures for crop insurance in both bills increase relative to baseline levels. The increase is about $4 billion lower in the Senate bill, in part because the new revenue program contains an option for a farm-level guarantee that is expected to reduce demand for crop insurance and offset some costs associated with the crop insurance changes.

Table 3. CBO Estimated Change to Baseline: Farm Safety Net Programs, 2014-2023

(change in outlays in millions of dollars)

2013 Farm Bill Title	Description	S. 954	H.R. 2642
(A) Commodity Programs (Title I)		**-17,442**	**-18,701**
Repeal Direct Payments	Fixed payments	-40,842	-40,019
Repeal Counter-cyclical Payment	Variable payment (price)	-1,519	-1,519
Repeal Average Crop Revenue Election Payments	Variable payment (revenue)	-4,719	-4,719
Price/Revenue Programs	Variable payment (price or revenue)	+26,809[a]	+23,371
Dairy Program	Margin insurance/market stabilization	+302	+418
Disaster Programs	Livestock and tree assistance	+2,382	+3,674
Other Commodity Provisions	Miscellaneous/Marketing Loan Program	+145	+93
(B) Crop Insurance (Title XI)		**+4,999**	**+8,914**
Supplemental Coverage Option	Additional crop insurance policy for shallow losses	+2,247	+3,850
Catastrophic Policy Premiums	Reduce premiums	-469	-469
Enterprise Units	Units for irrigated/nonirrigated land	+586	+586
Adjustment in APH Yields	Increase yields for guarantees	+406	+936
Stacked Income Protection for Cotton (STAX)	New insurance policy for cotton	+3,693	+3,693
Peanut Revenue Crop Insurance	New insurance policy for peanuts	+269	+269
Beginning Farmer Provisions	Increase benefits to new farmers	+283	+283
Crop Production on Native Sod	No payments on converted land	-178	-118
Participation Effects of Commodity Programs	New commodity program reduces demand for crop insurance	-2,038	-574

2013 Farm Bill Title	Description	S. 954	H.R. 2642
(A) Commodity Programs (Title I)		**-17,442**	**-18,701**
Other Crop Insurance Provisions	Miscellaneous/Implementation	+200	+85
Equitable Relief for Specialty Crop Producers	Increase delivery cost reimbursement to insurance companies	not applicable	+205
Coverage Level by Practice	Allow coverage level to vary	not applicable	+168
(C) Noninsured Crop Disaster Assist. Program (NAP) (Title XII)	Increase coverage levels	**-346**	**+161**
Total Farm Safety Net (A+B+C)		**-12,789**	**-9,626**

Source: CRS, using CBO cost estimates of S. 954 (May 17, 2013, at http://cbo.gov/publication/44248), H.R. 2642 (http://cbo.gov/publication/44414, July 11, 2013), H.R. 1947 (http://cbo.gov/publication/44271, May 23, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

Notes: - = savings, + = additional costs. PLC/RLC cost is reduced by shifting some payments beyond 10-year scoring window. Figures may not add due to rounding. Total farm bill savings across all titles: $17.894 billion in S. 954 and a combined $39.0 billion in H.R. 2642 (excludes nutrition title) and H.R. 3102 (nutrition title).

a. Total equals $3.06 billion for Adverse Market Payments and $23.749 billion for Agricultural Risk Coverage.

Potential Impacts of S. 954 and H.R. 2642

A number of researchers have analyzed the proposed changes made to the farm safety net by the Senate and House farm bills. The Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri concludes in an October 2013 sector-wide study that the economic consequences of the two bills would be similar in many respects, with reduced federal spending and relatively small effects on commodity markets.[12] Comparing the two bills, FAPRI's analysis indicates that the House bill, given its parameters and structure, would provide substantially more support than the Senate bill to producers of rice, barley, and peanuts, while corn and soybean producers would benefit relatively more under the Senate bill. Actual program benefits will be sensitive to market conditions and producer participation, with government costs depending in part on eventual enrollment in the Supplemental Coverage Option (65% subsidy rate) and other factors. Under each bill, average net farm income would decline slightly as the sector would receive somewhat less federal support than under a continuation of 2008 farm bill programs. According to the study, impacts on food prices for consumers would be very small.

A separate analysis by the Agricultural and Food Policy Center (AFPC) at Texas A&M University concludes that 53 of 64 of the representative farms (80%) that it models nationwide would receive greater financial benefits (i.e., higher average net cash farm income) under the House bill relative to the Senate bill over the life of the farm bill.[13] The study reports that under a baseline price scenario, the average difference in net cash farm income as a result of differences in policy parameters would be $19,900 per farm, in favor of the House bill in cases when the House bill

[12] Pat Westhoff and Scott Gerlt, *Impacts of Selected Provisions of the House and Senate Farm Bills,* Food and Agricultural Policy Research Institute (FAPRI), FAPRI-MU Report #06-13, Columbia, MO, October 2013, http://www.fapri.missouri.edu/outreach/publications/2013/FAPRI_MU_Report_06_13.pdf.

[13] Joe L. Outlaw et al., Economic Impacts of the Safety Net Provisions in the Senate (S. 954) and House (H.R. 2642) 2013 Farm Bills on AFPC's Representative Crop Farms, Agricultural and Food Policy Center, Texas A&M University, AFPC Working Paper 13-3, College Station, TX, October 2013, http://www.afpc.tamu.edu/pubs/0/589/WP-13-03-Farm-Bill-Report.pdf.

results in higher cash income than the Senate bill. A major driver is the attractive combination of reference prices (increased from 2008 farm bill levels) in the House bill—which provide support through the Price Loss Coverage program when farm prices decline—combined with the Supplemental Coverage Option (SCO) to address shallow losses beyond a 10% deductible. (In the Senate bill, the SCO deductible is expanded from 10% to 22% if the farmer also participates in Agriculture Risk Coverage (ARC)). Under a declining price scenario, the proportion of farms receiving greater financial benefits under the House bill declines to 74% compared with 80% under the baseline price scenario, primarily reflecting higher potential income for California rice producers under revenue guarantees in ARC compared with potential benefits under SCO, which is not designed to protect farmers against multi-year price declines.

Other researchers have concluded that the SCO approach combined with the new revenue programs (ARC in the Senate bill and RLC in the House bill) could create situations of overcompensation for shallow losses (out-of-pocket costs absorbed by producers), while SCO alone is likely to result in fewer such concerns because it is integrated more closely with existing crop insurance coverage.[14] The potential impact of a multi-year price decline is another major policy concern. The researchers point out that in the Senate bill, the ARC program guarantees will decline over time if market prices drop, which lengthens the adjustment period for producers. This is in contrast to the House bill (and Senate bill for rice and peanuts) which sets fixed minimum prices in the price and revenue programs. The House bill increases these parameters differently for each crop relative to their respective (and recent) market values, which the authors say could create planting incentives that differ from market signals, thereby shifting acreage toward crops that have more attractive program benefits.

Some have expressed concern that costs of farm programs could be sharply higher than CBO estimates. An analysis by university researchers and sponsored by the American Enterprise Institute estimates that the cost of the House farm bill would be relatively modest (about $1.1 billion) if farm prices remain historically high.[15] However, it also concludes that the annual cost could exceed $18 billion if farm prices drop to a 15-year average level. Others have criticized the analysis, calling it "an improbable price scenario," contrasting it with a stochastic scoring method used by CBO, which accounts for the probability of various price scenarios that result in either very high or low costs.[16]

[14] Carl Zulauf and David Orden, *US Farm Policy and Risk Assistance*, International Centre for Trade and Sustainable Development (ICTSD), Issue Paper No. 44, Geneva, Switzerland, September 2012, http://ictsd.org/downloads/2012/09/us-farm-policy-and-risk-assistance.pdf. Additional analysis is available at http://farmdocdaily.illinois.edu/areas/policy/.

[15] Vincent H. Smith, Bruce A. Babcock, and Barry K. Goodwin, Field of Schemes Mark II: The Taxpayer and Economic Welfare Costs of Price Loss Coverage and Supplementary Insurance Coverage Programs, American Enterprise Institute, Draft working paper (#2012-03), September 2012, http://www.aei.org/papers/economics/field-of-schemes-mark-ii-price-loss-coverage-and-supplementary-insurance-coverage-programs/.

[16] National Crop Insurance Services, *Response to American Enterprise Institute Claims*, September 13, 2012, http://www.cropinsuranceinamerica.org/wp-content/uploads/AEI-Response-to-Claims-9-13-12.pdf.

Appendix A. Title I: Commodity Programs

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
Direct Payments		
Direct payments (DPs) are available to producers on farms with base acres (historical plantings) of covered commodities (wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, and other oilseeds). ***[7 U.S.C. 8713]*** Covers 2008-2013 crop years. Direct payment rates are fixed in statute ***[7 U.S.C. 7913(b)]*** and do not vary based on market price. Payment amount = direct payment rate, times 85% of base acres ***[7 U.S.C. 7911]***, times direct payment yield ***[7 U.S.C. 7912]***. (Exception: payment acreage is 83.3% of base acres for crop years 2009-2011.) Direct payments for peanuts authorized separately. ***[7 U.S.C. 8753]***	Repeals direct payments. ***[Sec. 1101]***	Identical to the Senate bill, except payments for upland cotton continue for crop years 2014 and 2015 with payment acres equal to 70% of base acres in 2014 and 60% in 2015. ***[Sec. 1101]***
Price-Based Payments		
Counter-cyclical payments (CCPs) are available for same commodities as for direct payments plus pulse crops. ***[7 U.S.C. 8714]*** Covers 2008-2013 crop years. Payment rate is difference between target price in statute (see below) and national average market price (or loan rate, if higher), minus the direct payment rate. Counter-cyclical payments for peanuts authorized separately. ***[7 U.S.C. 8754*(a)(1)-(3)*]***	Repeals counter-cyclical payments. ***[Sec. 1102]*** Establishes program for **adverse market payments (AMP)** for crop years 2014-2018 for the same crops as those covered by CCPs (except upland cotton). Payment rate is the difference between the reference price and the 12-month national average market price (or loan rate, if higher), Covered commodities are wheat, corn, grain sorghum, barley, oats, long grain rice, medium grain rice, pulse crops (dry peas, lentils, small chickpeas, and large chickpeas), soybeans, other oilseeds, and peanuts. Cotton is not covered under AMP but is eligible for the Stacked Income Protection Plan (STAX) for producers of upland cotton (see Title XI). USDA is required to consider popcorn as a covered commodity. ***[Sections 1104-1107]***	Repeals counter-cyclical payments. ***[Sec. 1102]*** Establishes **Price Loss Coverage (PLC)** for producers of commodities covered by ***CCPs*** except upland cotton. Covers 2014 crop year and each succeeding crop year. Payment rate is difference between reference price and national midseason market price (or loan rate, if higher). USDA shall submit to Congress an annual report that evaluates the impact of PLC (and RLC below) on plantings, production, prices, and program costs. ***[Sec. 1104-1107]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
Target prices for 2013: Wheat, bu., $4.17 Corn, bu., $2.63 Grain sorghum, bu., $2.63 Barley, bu., $2.63 Oats, bu., $1.79 Upland cotton, lb., $0.7125 Long grain rice, cwt., $10.50 Medium grain rice, cwt., $10.50 Soybeans, bu., $6.00 Other oilseeds, cwt., $12.68 Dry peas, cwt., $8.32 Lentils, cwt., $12.81 Small chickpeas, cwt., $10.36 Large chickpeas, cwt., $12.81 Peanuts, ton, $495	**Reference prices:** Long grain rice, cwt., $13.30 Medium grain rice, cwt., $13.30 Peanuts, ton, $523.77 All other covered commodities: 55% times the average national marketing year average price for the most recent 5 crop years, excluding each of the crop years with the highest and lowest prices.	**Reference prices:** Wheat, bu., $5.50 Corn, bu., $3.70 Grain sorghum, bu., $3.95 Barley, bu., $4.95 Oats, bu., $2.40 Upland cotton, none (covered by STAX program Title XI) Long grain rice, cwt., $14.00 Medium grain rice, cwt., $14.00 (for rice, price is increased 15% for temperate japonica rice) Soybeans, bu., $8.40 Other oilseeds, cwt., $20.15 Dry peas, cwt., $11.00 Lentils, cwt., $19.97 Small chickpeas, cwt., $19.04 Large chickpeas, cwt., $21.54 Peanuts, ton, $535
Payment amount = Payment rate times 85% of base acres times counter-cyclical program yield for the farm (generally based on 1998-2001 data). ***[7 U.S.C. 7912]***	**Payment amount =** Payment rate times 85% of base acres planted to crop times existing counter-cyclical program yield (for rice and peanuts, yields may be updated with 2009-2012 data). Base acres for peanuts may be updated using 2009-2012 plantings. Payment is made on or after October 1 following the completion of the marketing year.	**Payment amount =** Payment rate times 85% of total acres planted to crop (and 30% of acres of "prevented plantings") times existing counter-cyclical program yield (or updated yields equal to 90% of 2008-2012 average yield per planted acre). Payment acres cannot exceed farm base acres. Payment is made on or after October 1 following the completion of the marketing year.
Revenue-Based Payments		
For covered commodities and peanuts, **Average Crop Revenue Election (ACRE) payments** are available to producers as an alternative to CCPs. Revenue payment based on a two-part	Repeals Average Crop Revenue Election (ACRE) program. ***[Sec. 1103]*** Establishes **Agriculture Risk Coverage (ARC)** program for crop years 2014-2018 for the same crops as	Repeals Average Crop Revenue Election (ACRE) program. ***[Sec. 1103]*** Establishes **Revenue Loss Coverage (RLC)** <u>as an alternative to PLC</u> for 2014 crop year and each

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
trigger: (1) if actual state revenue is less than a guaranteed state level for the commodity, and (2) if actual farm revenue is less than a farm ACRE benchmark for the commodity. Payment amount equals the product of (1) the lesser of (a) the ACRE program guarantee minus actual state revenue or (b) 25% of the ACRE program guarantee, times (2) 83.3% (for crop years 2009-2011) or 85% (2012-2013) of the acreage planted of the covered commodity (not to exceed base acres of the commodity), times (3) the 5-year Olympic average farm yield divided by the 5-year Olympic average state yield (Olympic average drops lowest and highest year). For producers who participate in ACRE, loan rates under the marketing assistance loan program are reduced 30% and direct payments are reduced by 20%. ***[7 U.S.C. 8715]***	covered by **AMP**, and payment is made <u>in addition to AMP</u>. For ARC, producers select either farm or county option. The election is a one-time, irrevocable decision applicable to all acres under the operational control of the producers. ***[Sections 1104, 1105, 1108, 1110]*** Payments made on planted (or prevented from being planted) acres when actual crop revenue (actual yield times higher of national farm price or reference price) drops below 88% of the benchmark revenue (see below). Per-acre payment rate equals the difference between per-acre guarantee (88% times benchmark revenue) and actual revenue. Maximum payment rate is 10% of benchmark revenue per acre. For benchmark revenue, farmer can elect either a farm option or county option:	succeeding crop year for the same crops as those under PLC. Farmers make a one-time, irrevocable election on a commodity-by-commodity and farm-by-farm basis to receive RLC payment instead of PLC. The program is similar to ARC but provides for only a county revenue guarantee (i.e., no farm-level option). ***[Sections 1104—1107]*** Revenue loss trigger (guarantee) is based on 85% of historical revenue (compared with 88% in S. 954). Actual county revenue is actual county yield times the higher of the midseason price or the loan rate.
	(1) Farm level: 5-year farm yield times 5-year average national price (averages exclude highest and lowest years). Payment equals difference between the per-acre guarantee and actual per-acre revenue times 65% of eligible planted acres (and 45% of prevented-planted acreage), or	No farm option available.
	(2) County level: 5-year county yield times 5-year average national price (averages exclude highest and lowest years). Payment equals the difference between the per-acre guarantee and actual per-acre revenue times 80% of eligible planted acres (and 45% of prevented plantings).	Payment is made on 85% of planted acres and 30% of prevented planted acres.
	No comparable provision.	For all crops, reference prices (see PLC) are used as minimum prices in the revenue guarantee.
	Separate guarantees are to be calculated for irrigated and nonirrigated crops and differentiated by class of sunflower seeds, barley (using malting prices), and wheat.	Separate guarantees are to be calculated for irrigated and nonirrigated crops.

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
	Eligible program acres cannot exceed average total acres planted (or prevented from being planted) to covered commodities and upland cotton on the farm during 2009-2012.	Payment acres capped at total farm base acres,
	Payment is made on or after October 1 following the completion of the marketing year.	Payment is made on or after October 1 following the completion of the marketing year.
	In combination with AMP/ARC, producers may purchase an additional insurance policy called Supplemental Coverage Option (SCO) under Title XI (crop insurance).	Supplemental Coverage Option (SCO) is not available in combination with RLC but may be purchased with PLC.
No comparable provision.	No comparable provision.	The total amount of PLC and RLC payments during FY2014-2020 shall not exceed $16,956.5 million. If necessary, individual producer payments will be reduced to avoid exceeding program cap. ***[Sec. 1107]***
Nonrecourse Marketing Loans and Other Recourse Loans		
Nonrecourse marketing loans are available for any amount of a loan commodity (see list below) produced in crop years 2008-2013. ***[7 U.S.C. 8731]*** Nonrecourse marketing loans for peanuts are authorized separately. ***[7 U.S.C. 8757]*** For peanuts, nonrecourse marketing loans available in crop years 2008-2013. May be obtained through marketing cooperative or association approved by USDA. Storage to be provided on a non-discriminatory basis and under any additional requirements. Payment of peanut storage costs authorized for 2008-2013 crops. ***[7 U.S.C. 8757(a)(4)-(7)]***	Generally continues current law to cover 2014-2018 crop years for all loan commodities (including peanuts). ***[Sec. 1201]***	Identical to the Senate bill except applies to 2014 crop and each succeeding annual crop. ***[Sec. 1201]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
Loan commodities and loan rates: Wheat, per bushel (bu.), $2.94 ($2.75 in 2008, 2009) Corn, bu., $1.95 Grain sorghum, bu., $1.95 Barley, bu., $1.85 Oats, bu., $1.33 Upland cotton, lb., $0.52 Extra-long staple (ELS) cotton, lb., $0.7977 Long grain rice, hundredweight (cwt.), $6.50 Medium grain rice, cwt., $6.50 Soybeans, bu., $5.00 Other oilseeds, cwt., $10.09 ($9.30 in 2008, 2009) Dry peas, cwt., $5.40 ($6.22 in 2008) Lentils, cwt., $11.28 ($11.72 in 2008) Small chickpeas, cwt., $7.43 Large chickpeas, cwt., $11.28 (not applicable in 2008) Graded wool, lb., $1.15 ($1.00 in 2008, 2009) Nongraded wool, lb., $0.40 Mohair, lb., $4.20 Honey, lb., $0.69 ($0.60 in 2008, 2009) ***[7 U.S.C. 8732 (a)(b)(c)]*** Peanuts, ton, $355 ***[7 U.S.C. 8757(b)]*** Establishes a single loan rate in each county for each kind of "other oilseeds" ***[7 U.S.C. 8732(d)]***	Loan commodities same as current law. ***[Sec. 1201]*** For 2014-2018 crop years, loan rates same as current law except for upland cotton. The loan rate for upland cotton is changed from $0.52 per lb. to the simple average of the adjusted prevailing world price for the two immediately preceding marketing years, but not less than $0.45 per pound or more than $0.52 per pound. ***[Sec. 1202]***	Identical to the Senate bill. ***[Sec. 1201]*** For 2014 and each succeeding crop year, same as the Senate bill except the lower bound for the upland cotton loan rate is $0.47 per pound. ***[Sec. 1202]***
Term of loans: 9 months after the day the loan is made; no extensions. ***[7 U.S.C. 8733]*** Same term for peanuts. ***[7 U.S.C. 8757(c)]***	Same as current law. ***[Sec. 1203]***	Identical to the Senate bill. ***[Sec. 1203]***
Loan repayment: Loans may be repaid at the lesser of (1) the loan rate plus interest, (2) a rate based on average market prices during the preceding 30-day period, or (3) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. Excludes upland cotton, rice,	Same as current law. ***[Sec. 1204]***	Identical to the Senate bill. ***[Sec. 1204]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
ELS cotton, confectionery and each other kind of sunflower seed (other than oil sunflower seed). ***[7 U.S.C. 8734(a)]*** Provides USDA authority to temporarily, and on a short-term basis only, adjust the repayment rates in the event of a severe disruption to marketing, transportation or related infrastructure. ***[7 U.S.C. 8734(h)]*** Similar provisions for peanuts. ***[7 U.S.C. 8757(d)]*** For upland cotton, long grain rice, and medium grain rice, repayment may be at the lesser of the loan rate plus interest, or the prevailing world price for the commodity adjusted to U.S. quality and location. ***[7 U.S.C. 8734(b)]*** For ELS cotton, repayment must be at the loan rate plus interest. ***[7 U.S.C. 8734(c)]*** For confectionery and other kinds of sunflower seeds (other than oil sunflower seed), loans must be repaid at the lesser of (1) the loan rate plus interest, or (2) the repayment rate for oil sunflower seed. ***[7 U.S.C. 8734(f)]***		
For 2008-2011 crop years, USDA provides cotton storage payments at the same rates as provided for the 2006 crop, but reduced by 10%. Beginning with 2012 crop year, the rates are reduced by 20%. ***[7 U.S.C. 8734(g)]***	Payments reauthorized for 2014-2018 crop years with 20% rate reduction. ***[Sec. 1204]***	Payments reauthorized for 2014 crop year and each succeeding crop year; rate reduction is 10%. ***[Sec. 1204]***
Loan deficiency payments (LDP) are available to producers who agree to forego marketing loans. LDP computed by multiplying the payment rate (the amount that the loan rate exceeds the rate at which a marketing loan may be repaid) for the commodity times the quantity of the commodity produced. Loan deficiency payments available for unshorn pelts or hay and silage, even though they are not eligible for marketing loans. ELS cotton is not eligible. Payment rates determined using the rate in effect as of the date that producers request payment (producers do	For 2014-2018 crop years, same as current law. ***[Sec. 1205]***	For 2014 and each succeeding crop year, same as the Senate bill. ***[Sec. 1205]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
not need to lose beneficial interest). ***[7 U.S.C. 8735]*** Same provision for peanuts. ***[7 U.S.C. 8757(e)]***		
Payments in lieu of LDP for grazed acreage of wheat, barley, oats, or triticale. ***[7 U.S.C. 8736]***	For 2014-2018 crop years, same as current law, except payment is based on yield used for Agriculture Risk Coverage. ***[Sec. 1206]***	For 2014 and each succeeding crop year, same as the Senate bill, except payment is based on yield used for Price Loss Coverage. ***[Sec. 1206]***
Special marketing loan provisions for upland cotton impose a special import quota on upland cotton through July 31, 2013, when price of U.S. cotton, delivered to a definable and significant international market, exceeds the prevailing world market price for 4 weeks. ***[7 U.S.C. 8737(a)]*** Limited global import quota is imposed on upland cotton when U.S. prices average 130% of the previous 3-year average of U.S. prices ***[7 U.S.C. 8737(b)]***	Provisions not extended.	Provisions extended without an expiration date beginning August 1, 2014. ***[Sec. 1207]***
Economic adjustment assistance to users of upland cotton provides assistance to domestic users of upland cotton for uses of all cotton regardless of origin to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery. Rate was 4¢/lb. between August 1, 2008, and July 31, 2012, and declined to 3¢/lb. effective beginning August 1, 2012. ***[7 U.S.C. 8737(c)]***	Same as current law. ***[Sec. 1207]***	Same as Senate bill except assistance begins August 1, 2013. ***[Sec. 1207]***
Special competitiveness program for ELS cotton provides payments to domestic users and exporters whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a 4-week period; and the lowest priced competing growth of ELS cotton is less than 134% of the loan rate for ELS cotton. Effective through July 31, 2013. ***[7 U.S.C. 8738]***	Same as current law through July 31, 2019. ***[Sec. 1208]***	Same as the Senate bill except program continues without an expiration date. ***[Sec. 1208]***
Recourse loans for high moisture feed grains and seed cotton are available for farms	For 2014-2018 crop years, same as current law. ***[Sec. 1209]***	For 2014 and each succeeding crop year, same as the Senate bill. ***[Sec. 1209]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
that normally harvest corn or sorghum in a high moisture condition at rates set by the USDA. For recourse loans for seed cotton, repayment is at loan rate plus interest. ***[7 U.S.C. 8739]***		
Adjustments of loan rates are authorized for any commodity (other than cotton) based on differences in grade, type, quality, location, and other factors. Allows county loan rates as low as 95% of the U.S. average, if it does not increase outlays; prohibits adjustments that would increase the national average loan rate. For cotton, loan rates may be adjusted for differences in quality factors. ***[7 U.S.C. 8740]; [7 U.S.C. 8758]*** for peanuts.	Same as current law. ***[Sec. 1210]***	Nearly identical to the Senate bill except removes certain mandatory provisions to quality adjustments. ***[Sec. 1210]***
Conservation Compliance/Producer Agreement		
Eligibility for direct payments, counter-cyclical payments, or average crop revenue election payments requires producers to comply with conservation, wetland, and planting flexibility requirements; use base acres for agricultural or conserving use, and not for nonagricultural commercial, industrial, or residential use; control noxious weeds and maintain sound agricultural practices. Producers must submit annual acreage reports for all cropland on the farm. **[7 U.S.C. 8716 (a)]** Same provision for peanuts. **[7 U.S.C. 8755(a)]** Under Title II (Conservation) of the 2008 farm bill (P.L. 110-246), benefits under the marketing loan program are subject to conservation compliance for highly erodible land ***[16 U.S.C. 3811(a)(1)(A)]*** and for Swampbuster ***[16 U.S.C. 3812(a)(1)]***.	Same as current law, with application to the new Adverse Market Payment (AMP) and Agriculture Risk Coverage (ARC) programs ***[Sec. 1109]*** and continued compliance requirement to receive benefits under the marketing assistance loan program. ***[Sec. 1201]*** To receive ARC payments, producer must annually report data on production in addition to acreage. The Secretary is to use data reported by the producer for crop insurance requirements to meet obligations for program payments without additional submissions to USDA. ***[Sec. 1109]***	Same as Senate bill, with application to Price Loss Coverage (PLC) and Revenue Loss Coverage (RLC). House bill excludes requirement for production reports and use of crop insurance data. ***[Sec. 1108]***
	See also Title II Conservation, whereby in order to receive crop insurance premium subsidies, a producer must be in compliance with highly erodible land	No comparable provision.

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
	conservation requirements and wetland requirements. ***[Sec. 2609]***	
Supplemental Agricultural Disaster Assistance (Funding expired on 9/30/11)		
Beginning in 2008, five new disaster programs were authorized and funded for disasters occurring on or before 9/30/11. ***[7 U.S.C. 1531]*** Program funding derived from a transfer of 3.08% of annual customs receipts to the newly created Agricultural Disaster Relief Trust Fund. ***[19 U.S.C. 2497(a)]*** Under P.L. 112-240, all but SURE (below) reauthorized (but not funded) for FY2012 and FY2013.	SURE is not reauthorized. Other four programs are reauthorized retroactively with mandatory funding from the Commodity Credit Corporation for FY2012 through FY2018. ***[Sec. 1501]***	Same as Senate bill, except programs are authorized and funded without an expiration date. ***[Sec. 1501]***
The five programs: (1) Supplemental Revenue Assistance (SURE) Payments for crops (not just farm program crops); compensates producers for a portion of losses that are not eligible for an indemnity payment under a crop insurance policy; (2) Livestock Indemnity Program (LIP), which compensated ranchers at a rate of 75% of market value for livestock mortality caused by a disaster; (3) Livestock Forage Disaster Program (LFP) for grazing losses due to qualifying drought conditions (as determined by the U.S. Drought Monitor report) or fire on rangeland managed by a federal agency, with monthly payments equal to 60% of estimated feed costs; (4) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Catfish (ELAP), which provided up to $50 million annually to compensate producers for disaster losses not covered under other disaster programs; and (5) Tree Assistance Program (TAP), which provided payments to eligible orchardists and nursery growers to cover 70% of the cost of replanting trees or nursery stock and 50% of the cost of pruning/removal following a natural disaster.	LIP payment rate is reduced from 75% to 65% of the market value of livestock. For LFP, payment is triggered by eligible forage losses, which may be determined by either (1) drought conditions as measured by the U.S. Drought Monitor report, or (2) low precipitation (at least 50% below normal level in a county during a calendar year). The monthly payment rate is equal to 50% of estimated feed costs. Coverage continues for losses due to fire on public rangeland. LFP is to serve as the sole source of livestock forage assistance, combining the livestock forage assistance functions of ELAP and the noninsured crop disaster assistance program (NAP). Producers may also receive assistance for eligible forage losses that occur due to weather-related conditions other than drought or fire. Maximum funding for ELAP is $15 million annually. TAP payment rate for replanting is reduced from 70% to 65%.	LIP payment rate remains at 75%. For LFP, retains program language in 2008 farm bill. In certain cases, farm payment amount is increased compared with program established in 2008 farm bill. For example, an eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated as having at least a D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period for the county is eligible to receive assistance equal to 3 monthly payments compared with 2 monthly payments under the 2008 farm bill. Maximum funding for ELAP is $20 million annually. Same as Senate bill.

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
Maximum payments set at $100,000 per person per year for first four programs combined. TAP has a separate limit of $100,000.	Retains the combined $100,000 per person payment limit for LIP, LFP, and ELAP. Retains the separate limit of $100,000 for TAP.	Combined payment limit of $125,000 per person for LIP, LFP, and ELAP. Separate limit of $125,000 for TAP.
No comparable provision.	No comparable provision.	Establishes a National Drought Council within USDA to develop a comprehensive National Drought Policy Action Plan for delineating and integrating responsibilities among federal agencies for drought preparedness, mitigation, research, risk management, training, and emergency relief. ***[Sec. 1502]***
Administrative Provisions		
Payment Limitations		
Establishes the maximum amount of payments per year to a person or legal entity for the sum of all covered commodities, except peanuts. Peanuts have a separate but equal payment limitation. —Direct payments: $40,000 —Direct payments under ACRE: $40,000 minus the reduction required for an ACRE participant. —Counter-cyclical payments: $65,000 —ACRE payments: $65,000 plus the reduction in the limit from the direct payment limit. —Marketing loan gains/LDP: no limit. ***[7 U.S.C. 1308 (a)-(d)]***	Establishes a limit on Agriculture Risk Coverage (ARC) and adverse market payments, and reinstates limits on marketing loan gains and LDPs. —ARC and adverse market payments for the sum of all covered commodities except peanuts: $50,000 —ARC and adverse market payments for peanuts: $50,000 —Marketing loan gains/LDP for sum of all commodities except peanuts: $75,000 —Marketing loan gains/LDP for peanuts: $75,000 ***[Sec. 1603]***	Establishes a limit on all Title I payments, including Price Loss Coverage and Revenue Loss Coverage payments, marketing loan gains and LDPs, and direct payments made to upland cotton for 2014 and 2015. Combines all covered commodities under one limit. —All Title I payments for the sum of all covered commodities, including peanuts, $125,000, of which: —PLC and RLC payments: $50,000 —Marketing loan gains and LDP: $75,000. ***[Sec. 1603]***
Payments are attributed to a person by accounting for the direct and indirect ownership in any legal entity. Payments made directly to a person are combined with the person's pro rata share of payments from a legal entity. Payments to a legal entity cannot exceed the limits above, and are attributed to persons. Attribution of payments to legal entities is traced to four levels of ownership. If a payment has not been allocated to an individual after four levels of ownership, the payment to the first-level entity is reduced on a pro-rata basis. ***[7 U.S.C. 1308 (e)-(h)]***	Continues other payment limit provisions such as direct attribution, with the exception of the definition of active personal management (see below).	Similar to Senate bill, with additional clarification for doubling the limits for spouses, and definitions of legal entitles ***[Sec. 1603]***.

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
To be eligible for payments, persons must be "actively engaged" in farming. Actively engaged, in general, is defined as making a significant contribution of (i) capital, equipment or land, and (ii) personal labor or active personal management. Also, profits are to be commensurate with the level of contributions, and contributions must be at risk. Legal entities can be actively engaged if members collectively contribute personal labor or active personal management. Special classes allow landowners to be considered actively engaged if they receive income based on the farm's operating results, without providing labor or management. Spouses are considered actively engaged if the other spouse meets the qualification. ***[7 U.S.C. 1308-1]***	Deletes "active personal management" from the definition of actively engaged in farming. Effectively requires personal labor in the farming operation to be considered actively engaged. Members of legal entities collectively would need to make a significant contribution of personal labor. Adds a special class of "farm managers" that may be considered actively engaged by providing management but not personal labor. However the Secretary would take into account the size and complexity of the operation and whether such management requirements are normally needed by similar operations, A farm manager must be the only person to qualify an operation, may qualify only one operation, and must manage an operation that doesn't share resources with another that collectively receives more than the payment limitations. Separately, clarifies that for the special class of landowner, a "landowner share-rents the land at a rate that is usual and customary" and that government payments are commensurate. ***[Sec. 1604]***	Same as Senate bill, with minor clarification differences. ***[Sec. 1603A]***
Adjusted Gross Income (AGI) Limitation		
Prohibits farm commodity program benefits to an individual or entity if adjusted gross income exceeds certain thresholds. For this purpose, AGI is divided into two parts: farm AGI and non-farm AGI. Uses a 3-year average when comparing to the limit.	Eliminates the distinction between non-farm AGI and farm AGI, and establishes a limit on total AGI. For most individuals, this tightens the limit. For some individuals with non-farm AGI between $500,000 and $750,000, it may restore program eligibility if farm AGI is low. Uses a 3-year average when comparing to the limit. Applies AGI limits through 2018.	Eliminates the distinction between non-farm AGI and farm AGI, and establishes a limit on total AGI. For some individuals, this tightens the limit if they use most of the former $500,000 and $750,000 limits. For other individuals, it may restore program eligibility if AGI is concentrated to either the farm or non-farm component (e.g., non-farm AGI between $500,000 and $950,000 and low farm AGI). Uses a 3-year average when comparing to the limit. Repeals expiration date of applicability.
—$500,000 limit on non-farm AGI to qualify for and receive any farm commodity program benefits, Milk Income Loss Contract (MILC) program, noninsured crop assistance (NAP), or disaster payments.	—$750,000 limit on total AGI to qualify for and receive ARC and adverse market payments, marketing loan gains or loan deficiency payments, supplemental agricultural disaster assistance, and noninsured crop assistance. ***[Sec. 1605]***	—$950,000 limit on total AGI to qualify for and receive PLC and RLC payments, marketing loan gains or loan deficiency payments, supplemental agricultural disaster assistance, noninsured crop assistance, and conservation programs. ***[Sec. 1604]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
—$750,000 limit on farm AGI to qualify for and receive direct payments, but counter-cyclical, ACRE and marketing loan benefits may continue if farm AGI exceeds $750,000. ***[7 U.S.C. 1308-3a(b)(1)]*** For FY2012 only, a separate, additional $1 million AGI limit applies to direct payments ***[P.L. 112-55, Sec. 745]***		
For conservation programs, $1 million limit on non-farm AGI, unless more than 66.66% of AGI is farm AGI. Provides USDA discretion to waive the limit for "environmentally sensitive land of special significance." ***[7 U.S.C. 1308-3a(b)(2)]***	Eliminates the USDA waiver authority for "environmentally sensitive land of special significance." Continues $1 million limit on non-farm AGI, and the exception, for conservation programs. ***[Sec. 2610]***	Eliminates the separate AGI limit for conservation programs, including the exception for 2/3 of AGI being farm AGI, and—like the Senate bill—the USDA waiver authority for "environmentally sensitive land of special significance." Applies the same $950,000 total AGI limit to the conservation programs as for the farm commodity programs. ***[Sec. 1604(a)]***
Other Administrative Provisions		
Authorizes use of funds, facilities, and authorities of the Commodity Credit Corporation (CCC) to carry out Title I. Determinations by USDA shall be final. Allows promulgation of regulations, and adjusting expenditures if they will exceed allowable support levels under the Uruguay Round Agreements. ***[7 U.S.C. 8781]***	Same as current law. ***[Sec. 1601]***	Similar to the Senate bill; separate provision specifies promulgating regulations no later than 21 months after date of enactment. ***[Sec. 1601]***
Suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and the Agricultural Adjustment Act of 1949 for the 2008-2013 crops (covered commodities, peanuts, and sugar), and for milk through December 31, 2013. ***[7 U.S.C. 8782]***	Same as current law, except applies to 2014-2018 crop years, and milk through December 31, 2018. ***[Sec. 1602]***	Repeals permanent price support authority under Agricultural Adjustment Act of 1938 and Agricultural Adjustment Act of 1949. ***[Sec. 1602]*** Establishes new "permanent law." For 2014 and each succeeding crop year, authority continues without an expiration date for Price Loss Coverage and Revenue Loss Coverage ***[Sections 1104-1107]***, and Nonrecourse Marketing Loans. ***[Sec. 1201]*** The Dairy Producer Margin Insurance Program is authorized without an expiration date. ***[Sec. 1401]***
Provides payments to "geographically disadvantaged farmers" in insular areas, Alaska,	Reauthorizes through FY2018. ***[Sec. 1606]***	Reauthorizes program without an expiration date. ***[Sec. 1605]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
and Hawaii for transporting a commodity or input more than 30 miles. Reimbursement based on federal salary differentials defined elsewhere, with maximum of 25% transportation cost. Authorizes $15 million of discretionary appropriations annually for FY2009-2013. ***[7 U.S.C. 8792]***		
Exempts producers from liability for certain deficiencies in collateral to secure any nonrecourse loan. ***[7 U.S.C. 7284]***	Same as current law. ***[Sec. 1607]***	Identical to the Senate bill. ***[Sec. 1606]***
Requires regulations that describe the circumstances allowing payments to a deceased person to settle an estate, and to stop payments for those ineligible. Requires USDA to reconcile tax identification numbers with IRS data twice a year to determine living status. ***[7 U.S.C. 7284]***	Same as current law. ***[Sec. 1608]***	Identical to the Senate bill. ***[Sec. 1607]***
Any person who receives an adverse program decision from USDA's Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, or the three USDA Rural Development agencies may file an appeal with the National Appeals Division (NAD), an independent office that reports directly to the Secretary of Agriculture. Its mission is to provide fair and timely hearings and appeals to USDA program participants. ***[7 U.S.C. 6992]***	Adds authorization for the Assistant Secretary of Administration to administer law and regulations that relate to competitive and excepted service position in NAD. ***[Sec. 1609]***	No comparable provision.
No comparable provision.	Provides technical corrections. ***[Sec. 1610]***	Provides technical corrections. ***[Sec. 1608]***
Requires that assignment of payments must be done in accordance with USDA regulations. ***[7 U.S.C. 8784]***	Same as current law. ***[Sec. 1611]***	Identical to the Senate bill. ***[Sec. 1609]***
Requires tracking of program benefits under Commodity and Conservation titles that are made directly or indirectly to individuals and entities. ***[7 U.S.C. 8785]***	Same as current law. ***[Sec. 1612]***	Identical to the Senate bill. ***[Sec. 1610]***
Requires that, if USDA approves a program document containing signatures of applicants, it	Same as current law. ***[Sec. 1613]***	Identical to the Senate bill. ***[Sec. 1611]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
shall not subsequently determine it to be inadequate or invalid unless the person signing the document knowingly and willfully falsified the evidence of signature authority or a signature. ***[7 U.S.C. 8790]***		
Provides $50 million of mandatory funds from the CCC to implement Title I. ***[7 U.S.C. 8793]***	Provides $97 million of mandatory funds from the CCC to implement Title I. USDA is to reduce administrative burdens on participants, improve information coordination among agencies, and take advantage of new technologies to deliver programs to producers. ***[Sec. 1614]***	The Secretary shall make available $100 million to implement Title I. Also directs USDA to maintain base acres and payment yields for covered commodities (and upland cotton), with separate bases acres for long grain and medium grain rice. ***[Sec. 1612]***
USDA may not disclose information about an agricultural operation, farming or conservation practice, or land that was provided by the producer or landowner in order to qualify for a USDA program, See Miscellaneous title for more information. ***[7 U.S.C. 8791; also known as Section 1619 of the 2008 farm bill]***	Adds language to clarify and strengthen the conditions necessary to release data about farms to state and local government agencies. ***[See Miscellaneous title – Sec. 12202]***	Prohibits the Secretary of Agriculture, USDA employee, contractor, or officer or employee of another federal agency from disclosing information provided by a producer or owner of agricultural land concerning the operation, farming or conservation practices, or the land itself in order to participate in USDA or other federal programs. Specifies certain exceptions; disclosures must be reported to House and Senate Agriculture Committees. ***[Sec. 1613]***

Appendix B. Title XI: Crop Insurance

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
New or Revised Insurance Products		
Permanently authorized by the Federal Crop Insurance Act, the federal crop insurance program makes available subsidized crop insurance to producers who purchase a policy to protect against individual farm losses in yield, crop revenue, or whole farm revenue. In general, policies offer a guarantee at the individual farm level or area-wide (e.g., county) level. The producer selects coverage level and absorbs the initial loss through the deductible. The insurance guarantee is based on the expected market price (i.e., no statutory minimum prices as in some farm programs).	Retains current program and makes available to crop producers an additional policy called Supplemental Coverage Option (SCO) to cover part of the deductible under the producer's underlying policy. SCO is an area-wide (e.g., county) yield or revenue loss policy, whereby an indemnity is paid on area losses not more than the deductible level (e.g., 25%) selected by the producer for the underlying individual policy. On the SCO policy, the farmer incurs a deductible equal to 10% of the producer's expected crop value. If the farmer participates in ARC under Title I, the deductible is 22%. SCO policies are to be made available for all crops if sufficient data are available. Premium subsidized at 65%. Coverage to begin no later than the 2014 crop year. ***[Sec. 11001]*** A crop margin coverage option is available as a single policy or in combination with a yield or revenue loss policy. ***[Sec. 11002]***	SCO provision is similar to the Senate bill. Coverage is triggered only if the area loss exceeds 10% and policy coverage does not exceed the difference between 90% and the coverage level selected by the producer for the underlying policy. Also, acres covered by Revenue Loss Coverage (RLC) or STAX (see below) are not eligible for SCO. ***[Sec. 11003]***
Crop insurance policies are available for more than 100 crops, including farm program crops such as wheat, corn, soybeans, cotton, peanuts, and rice, as well as many specialty crops, fruit trees, pasture, rangeland, and forage crops. Area-wide policies are available for some but not all program crops. Policies are sold and serviced through private insurance companies. Insurance companies' losses are reinsured by USDA, and their administrative and operating costs are reimbursed by the federal government. Crop insurance is administered by the U.S. Department of Agriculture's (USDA's) Risk Management Agency (RMA), which operates and manages the Federal Crop Insurance Corporation (FCIC) ***[7 U.S.C. 1501 et seq.]***	Beginning with the 2014 crop, the FCIC shall make available to producers of upland cotton the Stacked Income Protection Plan (STAX), which is a revenue-based, area-wide policy that may be purchased as a stand-alone policy or purchased in addition to any other individual or area policy. Indemnifies losses in county revenue of greater than 10% of expected revenue but not more than the deductible level (e.g., 25%) selected by the producer for the underlying individual policy (or not more than 30% if used as stand-alone policy). Premium subsidy is 80%. For individual producers, indemnities for STAX and other policies cannot overlap. Includes a provision that allows use of recent yields in the guarantee. A factor of not more than 120% is available to increase protection per acre ***[Sec. 11013]***	STAX provision is same as in Senate bill. ***[Sec. 11016]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
	Beginning with the 2014 crop, the FCIC shall make available a revenue crop insurance program for peanuts based on a price equal to the Rotterdam price index for peanuts, as adjusted to reflect the farmer stock price of peanuts in the United States. ***[Sec. 11014]***	By crop year 2014, FCIC is required to make available a revenue policy for peanut producers ***[Sec. 11010 and Sec. 11017]*** as in Senate bill and a margin coverage policy for rice producers. ***[Sec. 11010]***
Requires FCIC to improve coverage for organic crops. ***[U.S.C. 1522(c)(10)]***	By 2015, requires FCIC to offer price elections for all organic crops that reflect prices of organic (not conventional) crops. FCIC must submit an annual report to Congress on crop insurance for organic crops. ***[Sec. 11027]***	Extends 2008 farm bill provision to improve organic crop insurance. ***[Sec. 11021]***
FCIC shall not conduct any pilot program that provides insurance protection against a risk if a policy is generally available from private companies. ***[7 U.S.C. 1523(a)]***	FCIC may conduct a pilot program to provide financial assistance for producers of underserved crops and livestock (including specialty crops) to purchase an index-based weather insurance product from a qualified private insurance company. The subsidy shall not exceed 60% of the estimated premium amount. Unlike FCIC policies, the private insurance companies would maintain exclusive rights to rate and manage the policies. Provides mandatory funds of $10 million per year for FY2014 through FY2018. ***[Sec. 11030]***	No comparable provision.
Policy Fees and Premiums		
Catastrophic yield policies (CAT) are available for yield losses greater than 50%. Premium is fully subsidized, and producer pays an administrative fee of $300 per crop per county. ***[7 U.S.C. 1508(d)(2)]***	To reduce government costs, the CAT premium (fully paid by government) shall be reduced by the percentage equal to the difference between the average loss ratio (premiums divided by indemnities times 100) for the crop and 100%, plus a reasonable reserve. ***[Sec. 11003]***	Identical to the Senate bill. ***[Sec. 11004]***
Administrative fee on CAT policy is waived for limited resources farmers. ***[7 U.S.C. 1508(b)(5)(E)]***	Fee is also waived for beginning farmers or ranchers. ***[Sec. 11032]***	Identical to the Senate bill. ***[Sec. 11015]***
Premium subsidies for buy-up coverage (above CAT) depend on level of coverage. ***[7 U.S.C. 1508(e)]***	Beginning farmers or ranchers shall receive premium assistance that is 10 percentage points greater than provided to others. Other provisions are also designed to assist beginning farmers and ranchers. ***[Sec. 11032]***	Identical to the Senate bill. ***[Sec. 11015]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
No comparable provision.	Establishes an adjusted gross income (AGI) limit on crop insurance subsidies. Beginning with the 2014 reinsurance year (2014 crop year), crop insurance premium subsidies are reduced by 15 percentage points for producers with average AGI greater than $750,000. Reduction in effect only after USDA, in consultation with the Government Accountability Office, determines that the change does not (1) significantly increase premiums for producers at lower income levels, (2) reduce crop insurance coverage availability, or (3) increase total cost of the crop insurance program. ***[Sec. 11033]***	No comparable provision.
FCIC may provide a performance-based premium discount for a producer of an agricultural commodity who has good insurance or production experience relative to other producers in the same area. ***[7 U.S.C. 1508(d)]***	No change from current law.	Repeals provision. ***[Sec. 11005]***
Enterprise Units and Coverage		
Crops are insured based on geographic units defined in the insurance policy. The basic unit covers land in one county with the same tenant/landlord. An optional unit is a basic unit divided into smaller units by township section. An enterprise unit covers all land of a single crop in a county for a producer, regardless of tenant/landlord structure. A whole farm unit covers more than one crop. For a policy with an enterprise or whole farm unit paragraph, ***<u>on a pilot basis</u>***, the percentage of the premium paid by the government shall provide the same dollar amount of premium subsidy per acre as for other units, up to 80%. ***[7 U.S.C. 1508(e)(5)]***	The subsidy for enterprise and whole farm units is made permanent (previously a pilot basis). ***[Sec. 11004]*** Beginning with the 2014 crop year, separate enterprise units will be available for irrigated and nonirrigated acreages of crops. ***[Sec. 11005]***	Identical to the Senate bill. ***[Sec. 11006]*** Identical to the Senate bill. ***[Sec. 11007]*** Also, beginning with the 2015 crop year, a producer who grows a crop on both dry land and irrigated land may elect a different coverage level for each production practice. ***[Sec. 11014]***
Data Collection for Yield Guarantees; Yield Adjustments		
FCIC bases policy guarantees on a producer's actual production history (APH) for the crop, or on county yields for area-wide policies. The APH	Specifically directs FCIC to use county data collected by USDA's Risk Management Agency and/or National Agricultural Statistics Service. If such data are not	Identical to the Senate bill. ***[Sec. 11008]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
is based on producer yields for the prior 4 to 10 years. ***[7 U.S.C. 1508(g)(2)]***	available, it may use other data considered appropriate by the Secretary of Agriculture. ***[Sec. 11006]***	
If, for one or more of the crop years used to establish the producer's actual production history of an agricultural commodity, the producer's recorded or appraised yield of the commodity was less than 60% of the applicable transitional yield (based on 10-year historical county average yield), FCIC shall either exclude any of such recorded or appraised yield or replace each excluded yield with a yield equal to 60% of the applicable transitional yield. Concept is known as a "yield plug." ***[7 U.S.C. 1508(g)(4)(B)]***	Beginning with the 2014 crop year, the yield plug is increased to 65% of the applicable transitional yield. ***[Sec. 11007]***	For all crop years, the yield plug is increased to 70% of the applicable transitional yield. ***[Sec. 11009]***
Policy Research Development, Review, and Approval		
Under sections 522 and 523 of the Federal Crop Insurance Act, FCIC may enter into contracts to carry out research and development for new crop insurance policies (but may not conduct research itself). FCIC shall establish as one of the highest research priorities the development of a pasture, range, and forage program. It shall provide a payment to an applicant for research and development costs. FCIC may approve up to 50% of the projected total research and development costs to be paid in advance to an applicant. ***[7 U.S.C. 1522]***	Allows FCIC to conduct research and development activities to maintain or improve existing policies or develop new policies. Highest research priorities become policies that increase participation by producers of underserved agricultural commodities, including sweet sorghum, sorghum for biomass, specialty crops, sugarcane, and dedicated energy crops. ***[Sec. 11028]***	Same as Senate bill except crop list adds rice, peanuts, alfalfa, and pennycress, and excludes dedicated energy crops. ***[Sec. 11020]*** Authorizes FCIC to enter into partnerships with public and private entities for the purpose of increasing the availability of loss mitigation, financial, and other risk management tools or improving analysis tools and technology regarding compliance. ***[Sec. 11022]***
	FCIC shall review any policy developed under section 522(c)or any pilot program developed under section 523 and submit the policy or program to the Board if it finds that the policy or program will likely result in a viable and marketable policy and would provide coverage in a significantly improved form. ***[Sec. 11008]***	Identical to the Senate bill. ***[Sec. 11010]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
	For cost reimbursement, the 50% limitation may be waived and, upon request of the submitter, an additional 25% advance payment may be made. ***[Sec. 11018]***	Up to 75% of the projected cost may be paid in advance. ***[Sec. 11010]***
	FCIC is required to contract for studies on the feasibility of insuring (1) specialty crop producers for food safety and contamination-related losses ***[Sec. 11020]***, (2) swine producers for a catastrophic disease event ***[Sec. 11021]***, (3) producers of fresh-water catfish against reduction in the margin between the market value of catfish and selected production costs (the FCIC Board shall review this policy and approve it under certain conditions) ***[Sec. 11022]***, (4) commercial poultry production against business disruptions caused by integrator bankruptcy and poultry producers for a catastrophic event ***[Sec. 11023],*** (5) seafood harvesters ***[Sec. 11023]***, and producers of biomass sorghum or sweet sorghum grown as feedstock for renewable energy ***[Sec. 11025],*** and (6) alfalfa producers. ***[11026]***	Similar to the Senate bill; excludes study on insurance for seafood harvesters. ***[Sec. 11021]***
FCIC shall include independent reviews as part of the consideration of any policy or plan or insurance (or modification of such a policy). ***[7 U.S.C. 1505(e)]***	No comparable provision.	Any modification to be made in the terms or conditions of any policy or plan of insurance shall not take effect unless the Secretary publishes the modification in the Federal Register and on the website of FCIC and provides for a subsequent period of public comment not later than 60 days before June 30 during the preceding crop year for fall-planted crops and not later than 60 days before November 30 during the preceding crop year for spring-planted crops. The Secretary may waive this requirement if an emergency situation is declared by the Secretary upon notice to Congress. ***[Sec. 11025]***
Adjusted Gross Revenue (AGR) and AGR-Lite policies insure revenue of the entire farm rather than an individual crop. Both use a producer's five-year historical farm average revenue as reported on the Internal Revenue Service (IRS) tax return form (Schedule F or equivalent forms). Coverage levels range from 65% to 80% of historical revenue. ***[7 U.S.C. 1523]***	FCIC is to conduct activities or enter into contracts to develop a whole farm risk management insurance plan (with liability up to $1.5 million) that pays an indemnity if gross farm revenue is below 85% (compared with 80% currently). Coverage may include value of packing, packaging or other on-farm activities. FCIC may provide diversification-based discounts for producers with diversified operations. FCIC is to submit a report to	Identical to the Senate bill, except maximum liability is $1.25 million. ***[Sec. 11021]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
	Congress on the feasibility of additional coverage, including an analysis of potential market distortions. ***[Sec. 11019]***	
A private sector entity can propose an insurance plan to be added to the FCIC portfolio of products. A process must be established to review and approve products. ***[7 U.S.C. 1508(h)]***	For private sector submissions, directs FCIC to establish priorities for specific types of submissions. ***[Section 11009]*** As part of the submission process, the applicant must consult with producer groups potentially affected. ***[Sec. 11010]***	No comparable provision.
FCIC may conduct a pilot program approved by the Board to evaluate whether a proposal or new risk management tool is suitable for the marketplace and addresses producer needs. ***[7 U.S.C. 1523(a)]***	Eliminates the requirement that FCIC evaluate pilot programs and submit a report to Congress. ***[Sec. 11029]***	Identical to the Senate bill. ***[Sec. 11023]***
Crop Production on Native Sod and Conservation Compliance		
Subject to a geographic condition below, native sod planted to an insurable crop (over 5 acres) is ineligible for crop insurance and the noninsured crop disaster assistance program for the first 5 years of planting. May apply to virgin prairie converted to cropland only in the Prairie Pothole National Priority Area, if elected by the state. ***[7 U.S.C. 1508(o)]***	Nationwide, for native sod during the first four years of planting, crop insurance premium subsidies are 50 percentage points less than under current schedule and yield guarantees are affected. Also, no benefits are available under NAP or general commodity programs. Requires annual report on the change in cropland areas and the number of acres of native sod converted to cropland in each county and state. ***[Sec. 11035]***	Same as Senate bill, except provision only applies to the Prairie Pothole National Priority Area. ***[Sec. 11013]***
	See **Title II** for a provision that establishes a prerequisite that a producer must be in compliance with conservation requirements and wetland requirements in order to receive crop insurance premium subsidies. ***[Sec. 2609]***	No comparable provision.
Standard Reinsurance Agreement and Risk-Sharing		
The Standard Reinsurance Agreement (SRA) between FCIC and private companies defines expense reimbursements and risk-sharing by the government, including the terms under which the government provides subsidies and reinsurance (i.e., insurance for insurance companies) on eligible crop insurance contracts sold or reinsured by	Any savings generated from a renegotiated SRA must be used for programs administered by the Risk Management Agency. ***[Sec. 11011]***	Same as Senate bill ***[Sec. 11012]***. Also directs FCIC to make an additional annual expense reimbursement of $41 million (for reinsurance years 2011 through 2015) to insurance companies selling polices for crops not eligible for benefit under Title I (i.e., specialty crops). ***[Sec. 11011]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
insurance companies. FCIC may renegotiate the SRA once every 5 years. ***[7 U.S.C. 1508(k)]***		
Miscellaneous Crop Insurance Provisions		
Under an insurance policy, if an agricultural commodity does not meet established quality standards, actual production (used for determining the indemnity) is reduced accordingly. ***[7 U.S.C. 1508(m)]***	FCIC shall establish procedures to allow insured producers not more than 120 days to settle claims involving corn that is determined to have low test weight. Authority for this provision terminates 5 years after implementation of the provision. ***[Sec. 11012]***	
Inaccurate information on an insurance application can result in noncompliance, which voids the policy and may disqualify the producer for up to 5 years. ***[7 U.S.C. 1515(c)]***	FCIC shall establish procedures that allow an agent and approved insurance provider to correct information regarding producer name and eligibility information that is provided by a producer for the purpose of obtaining coverage. ***[Sec. 11015]***	Similar provision as in the Senate bill. ***[Sec. 11018]***
USDA, an approved insurance provider and its employees and contractors, and any other person may not disclose to the public information furnished by a producer. ***[7 U.S.C. 1502(c)]***	No comparable provision.	If authorized by a producer, USDA's Farm Service Agency shall provide to an insurance agent or approved insurance provider any information or maps that may assist the agent or provider insuring the producer. USDA shall annually publish the names of Members of Congress and Cabinet Secretaries (and immediate families) who purchase additional coverage (i.e., not a catastrophic policy), the associated subsidy amount, and the federal portion of indemnities paid in the event of a loss. Also, for each private insurance provider, USDA shall disclose the underwriting gains earned, and the amount paid for administrative and operating expenses and any Federal portion of indemnities and reinsurance. ***[Sec. 11001]***
Adjustments to producer premiums are prohibited as an inducement to purchase crop insurance, with few exceptions. ***[7 U.S.C. 1508(a)(9)]***	No comparable provision.	To deter potential violators, FCIC is required to publish in detail (but without disclosing identities) any violations of this provision, including sanctions imposed. ***[Sec. 11002]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
All information provided to the public by the agency shall be in plain, understandable language. ***[5 U.S.C. 601 note relating to regulatory planning and review]***	Requires FCIC and RMA to use plain language when issuing regulations and guidance related to plans and polices of crop insurance, and to improve its website for producers seeking information on crop insurance. Requires a report to Congress describing the Department's efforts. ***[Sec. 11037]***	No comparable provision.
USDA is to ensure that new hardware and software for administering the program are compatible with that already used by USDA agencies in order to maximize data sharing needed for proper program delivery. ***[7 U.S.C. 1515(j)]*** Funding is provided from the insurance fund: $15 million for each of FY2008 through FY2010 and not more than $9 million in FY2011. ***[7 U.S.C. 1515(k]***	USDA shall develop and implement an acreage report streamlining initiative project to allow producers to report acreage and other information directly to USDA. FCIC may use up to $25 million in fiscal 2014 and $10 to $15 million per year for FY2015 through FY2018 from the insurance fund. USDA shall notify Congress on the status of the project no later than July 1, 2013. ***[Sec. 11016]***	Identical to the Senate bill, except notification date is July 1, 2015. ***[Sec. 11019]***
FCIC may use up to $3.5 million of the insurance fund to pay for costs associated with implementing plans of insurance and for review of policies. ***[7 U.S.C. 1516(b)(2)]***	Adds authority to use up to $5 million of the insurance fund to pay for costs associated with maintaining program integrity and compliance activities. ***[Sec. 11017]***	No comparable provision.
The Secretary shall develop and implement a coordinated plan for the Farm Service Agency to assist FCIC in monitoring the crop insurance program. ***[7 U.S.C. 1515(d)]***	Adds provision requiring the U.S. Government Accountability Office to conduct a study regarding fraudulent claims filed, and benefits provided under the crop insurance program. ***[Sec. 11038]***	No comparable provision.
The Agricultural Management Assistance Program provides financial assistance to producers in 16 specific states to mitigate risk through financial instruments, diversification, or resource conservation practices. Provides $15 million in annual mandatory funding in FY2008 through FY2014, and $10 million each fiscal year thereafter. Requires 50% for conservation, 40% for risk management, and 10% for organic certification. ***[7 U.S.C. 1524]*** *Section* 10606 of the 2002 farm bill established a National Organic Certification Cost-Share Program to help producers and handlers of organic products obtain	Authorizes $23 million in mandatory CCC funding annually (FY2014-FY2018) and combines the two programs to include (1) organic certification cost share assistance (50% of funds); (2) activities to support risk management education and outreach under the Federal Crop Insurance Act (26% of funds); and (3) agricultural management assistance grants to producers in states with low federal crop insurance participation, for various conservation purposes (24% of funds). Per-person payments are limited to $50,000 in any one year. ***[Sec. 11034]***	Repeals the National Organic Certification Cost-Share program. ***[Sec. 9004]*** Removes tree plantings and soil erosion control from the list of approved practices. Permanently authorizes $10 million in annual mandatory funding with 30% to NRCS (conservation), 10% to AMS (organic certification), and 60% RMA (risk management). ***[Sec. 2506 in Title II—Conservation]***

Current Law/Policy	Senate-Passed 2013 Farm Bill	House-Passed 2013 Farm Bill
certification. Provided $22 million in mandatory funding in FY2008 (available until expended). ***[7 U.S.C. 6523]***		
No comparable provision.	Provides technical amendments. ***[Sec. 11036]***	Provides technical amendments. ***[Sec. 11024]***
Noninsured Crop Assistance Program for crops not insurable**.** The Noninsured Crop Assistance Program (NAP) has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996, and receives such sums as necessary in mandatory funding. Growers of crops not insurable under crop insurance are eligible for NAP. ***[7 USC 7333]***	See **Title XII:** for a provision that enhances NAP and provides payments for fruit crop losses in 2012. ***[Sec. 12204]***	See **Title XII** for a provision that enhances NAP ***[Sec. 12306]***

Appendix C. Title XII: Miscellaneous (Noninsured Crop Assistance Program)

Current Law/Policy	Senate-Passed 2013 Farm Bill (S. 954)	House-Passed 2013 Farm Bill (H.R. 2642)
Noninsured Crop Assistance Program. The Noninsured Crop Assistance Program (NAP) has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996, and receives such sums as necessary in mandatory funding. Growers of crops not insurable under the crop insurance program are eligible for NAP. A payment is made to an eligible producer whose actual production is less than 50% of the established (historical) yield for the crop. The payment rate is 55% of the average market price. Producers pay a fee of $250 per crop per county, or $750 per producer per county, not to exceed $1,875 per producer. ***[7 USC 7333]***	Reauthorizes through FY2018, and makes available additional coverage for NAP at 50% to 65% of established yield and 100% of average market price. Premium for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price). The premium for additional coverage is reduced by 50% for limited resource, beginning, and socially disadvantaged farmers.	Similar to the Senate bill except as indicated below. ***[Sec. 12306]*** No comparable provision.
	For producers with fruit crop losses in 2012, payments associated with additional coverage are made retroactively (minus premium fees) in counties declared a disaster due to freeze or frost.	No comparable provision.
	Eliminates NAP for crops/grasses used for grazing (to reduce overlap with livestock disaster programs in Title I—Commodity Programs), ferns, and tropical fish.	No comparable provision.
	Increases base NAP fee to $260 per crop per county, or $780 per producer per county, not to exceed $1,950 per producer. ***[Sec. 12204]***	
Noninsured Crop Assistance Program. See description above.	**Bioenergy Coverage in Noninsured Crop Assistance Program.** Amends the 1996 farm bill (7 U.S.C. 7333) to add crops grown for feedstock for renewable biofuel, renewable electricity, or biobased products. ***[Sec. 12205]***	No comparable provision.

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